

theirs until the rising flow of imported goods is checked.

The principal difficulty has been the growth of a philosophy, instituted some two decades ago, which endangers the entire economic structure of this country. That policy had become so firmly implanted that it cannot be easily overcome in a short space of time. The planned deterioration of American industry and American wage standards began when carefully-placed individuals in important positions in the State Department succeeded in making those offices a veritable infiltration plant for Soviet intrigue. At the same time a horde of State Department dandies—looking like adult Lord Fauntleroy's bound for an international cotillion—would hopscotch from one conference to another searching for representatives of other countries ready and willing to accept handouts, either in cash or in the form of trade concessions. The years of this destructive influence cannot quickly be redeemed, but it is obligatory upon Members of Congress to make no more concessions in the interest of the international movement so long as the livelihood of American families is in jeopardy.

The administration's new recommendations on foreign trade policy give our people an opportunity to learn what we in Congress have long realized: if American industry and labor are to be protected from unbridled trade practices which are destroying precious segments of the economy that protection must come from the elected representatives of the people. Government bureaus responsible for tariffs and quotas are on record against any protection whatsoever for the coal industry.

The President appointed a commission to make a fair study of the entire foreign trade policy, and he anticipated that the American people would receive at least the same consideration given other peoples of the world. That commission, however, happened to be loaded with officials and investors in companies up to their corporate ears in foreign financial entanglements, so the interests of the American workmen were destined from the start to be disregarded lest profits from alien holdings be endangered. These members of the commission arrived at their own conclusions long before the investigation began, and they refused to give a hearing to representatives of coal and other industries

severely damaged by the impact of excessive imports.

Mr. Speaker, it is the people's turn this year. In 1953, the wallings of international cartels and foreign diplomats were once again given precedence in our trade program. Now our people must be given an opportunity to rebuild their own economy, and that opportunity cannot be realized unless we provide adequate safeguards against commodities produced in lands where wages are only a small proportion of those established in the United States.

This creation by the freetraders has caused and is continuing to cause a hardship on employment and capital in my district and the Nation. It has silenced the production lines in our coal mines, our glass plants, and other enterprises. It has stilled the wheels of great fleets of rolling stocks that would otherwise be utilized to carry the output of our labors to market. It has impounded related business activity in many industries of our great Nation.

The product of freetraders thrives on cheap foreign goods unloaded on our docks. Let us not delay in driving it from our land for the sake of the welfare of our own people.

## SENATE

WEDNESDAY, MARCH 24, 1954

(Legislative day of Monday, March 1, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God our Father, we would make our hearts, cleansed by Thy forgiving grace, a temple of Thy presence knowing that only to the pure dost Thou grant the vision of Thy face. We come asking not that Thou would give heed to the faltering petitions our lips frame, for we may ask amiss, but that Thou wilt bend Thine ear to the crying of our deep need. Grant us the grace of hospitality to the highest. We bring to the altar of prayer our inmost selves, cluttered and confused, where good and evil, the petty and the great are so entwined. May the eternal immensities shame our little thoughts and ways. May the vision of what we might be convict us of what we are. In this great day of world crisis and destiny may we not miss the things belonging to our peace and to the peace of the world. Amen.

### THE JOURNAL

On request of Mr. SALTONSTALL and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 23, 1954, was dispensed with.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had

agreed to a concurrent resolution (H. Con. Res. 214) expressing the sense of Congress that the Sanitary Engineering Center, Cincinnati, Ohio, should be known as the "Robert A. Taft Sanitary Engineering Center," in which it requested the concurrence of the Senate.

### LEAVE OF ABSENCE

On request of Mr. SALTONSTALL, and by unanimous consent, Mr. KNOWLAND was excused from attendance on the session of the Senate today, because of illness in his family.

### CALL OF THE ROLL

Mr. SALTONSTALL. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gillette	Mansfield
Anderson	Goldwater	Martin
Barrett	Gore	McCarran
Beall	Green	McCarthy
Bennett	Griswold	McClellan
Bricker	Hayden	Millikin
Burke	Hendrickson	Monroney
Bush	Hennings	Mundt
Butler, Md.	Hickenlooper	Neely
Byrd	Hill	Pastore
Capehart	Hoey	Payne
Carlson	Holland	Potter
Case	Humphrey	Purtell
Chavez	Hunt	Robertson
Clements	Ives	Russell
Cooper	Jackson	Saltonstall
Cordon	Jenner	Schoeppel
Daniel	Johnson, Colo.	Smathers
Dirksen	Johnson, Tex.	Smith, Maine
Douglas	Kefauver	Smith, N. J.
Dworshak	Kennedy	Stennis
Eastland	Kerr	Symington
Ellender	Kilgore	Thye
Ferguson	Kuchel	Upton
Flanders	Langer	Watkins
Frear	Lehman	Welker
Fulbright	Long	Wiley
George	Magnuson	Williams
	Malone	Young

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

The Senator from California [Mr. KNOWLAND] is absent by leave of the Senate.

Mr. CLEMENTS. I announce that the Senators from South Carolina [Mr. JOHNSTON and Mr. MAYBANK], the Senator from North Carolina [Mr. LENNON], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). A quorum is present.

### ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that there may now be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDING OFFICER. Without objection, it is so ordered.

### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

#### REPORT ON NATIONAL INDUSTRIAL RESERVE

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, the sixth annual report on the National Industrial Reserve, dated April 1, 1954 (with an accompanying report); to the Committee on Armed Services.

#### REPORT OF UNITED STATES ADVISORY COMMISSION ON EDUCATIONAL EXCHANGE

A letter from the Chairman, United States Advisory Commission on Educational Exchange, transmitting, pursuant to law, the

semiannual report of that Commission, for the period July 1–December 31, 1953 (with an accompanying report); to the Committee on Foreign Relations.

#### REPORT OF OPERATIONS UNDER BOULDER CANYON PROJECT ADJUSTMENT ACT

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report of operations under the provisions of section 13 of the Boulder Canyon Project Adjustment Act, for the fiscal year ended May 31, 1953 (with an accompanying report); to the Committee on Interior and Insular Affairs.

#### PETITIONS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the City Council of the City of Philadelphia, Pa., relating to a modification of the provisions of the National Immigration Act; to the Committee on the Judiciary.

A petition signed by Agustin Acevedo, Jr., and sundry other teachers of the rural zone of San Sebastian, Puerto Rico, condemning the action of certain persons in attempting to assassinate Members of the House of Representatives; to the Committee on the Judiciary.

#### EQUAL TAX TREATMENT FOR ALL RETIRED PEOPLE—RESOLUTION OF MINNEAPOLIS (MINN.) CENTRAL LABOR UNION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Minneapolis Central Labor Union in support of the so-called Mason bill relating to equal tax, be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Whereas H. R. 5180, otherwise known as the Mason bill, has been favorably voted out of the Ways and Means Committee of the House of Representatives to take its place as a part of the overall tax-revision program now in process in Congress; and

Whereas because this bill is a forthright proposal for equal tax treatment for all retired people; and

Whereas it has the support of the International Association of Fire Fighters and many other national organizations: Now, therefore, be it

*Resolved*, That the Minneapolis Central Labor Union go on record in support of this legislation and urge its enactment by Congress; and be it further

*Resolved*, That copies of this resolution be sent to the House and Senate delegations from Minnesota and to the President of the United States.

Adopted March 10, 1954.

MINNEAPOLIS CENTRAL LABOR UNION.

#### CONTROL OF DISEASES OF DOMESTIC ANIMALS—RESOLUTION OF DAIRY PRODUCTS AND LIVESTOCK COMMISSION OF MINNESOTA

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Dairy Products and Livestock Commission of the State of Minnesota, urging that sufficient funds be appropriated for the control of diseases of

domestic animals, be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Appropriations, and ordered to be printed in the RECORD, as follows:

Whereas the United States of America is now recognized the world over as the safest nation, insofar as disease is concerned, in which to raise livestock; and

Whereas this condition has been brought about through recognition by the National Government, that disease control is a nationwide problem, and that the multi-billion-dollar livestock economy of this country is based on the movement of livestock, making it impossible for a single State or a group of States to eradicate a disease while it is permitted to exist and spread in neighboring States or areas; and

Whereas the Federal Government, through the United States Department of Agriculture has for many years, cooperated with the livestock sanitary agencies of all the States in the control and eradication of diseases of domestic animals, and has participated with the States in the payment of the costs thereof, including the payment of indemnity for animals ordered destroyed in order to eradicate or check the spread of such disease; and

Whereas the United States Department of Agriculture has established and maintained a force of veterinarians, technicians, and office personnel under the direction of a veterinarian in charge in all States to further such cooperation; and

Whereas the Federal Government entered into contracts or agreements entitled "Memoranda of Understanding" with the several States relative to such cooperation for the eradication of tuberculosis from cattle in 1917, and for the eradication of brucellosis from cattle in 1934, both of which agreements were revised and brought up to date in 1950 and 1951; and

Whereas both original and revised forms of such agreements provide the Federal Government shall, in addition to other activities, participate with the several States in the payment of indemnity for cattle condemned and slaughtered for the disease above referred to; and

Whereas the rules and regulations of the United States Department of Agriculture have provided the Federal Government will share with the States on an equal basis in the payment of said indemnity when such cattle are appraised and slaughtered in accordance with the regulations of the United States Department of Agriculture, provided such payments do not exceed the maximum established by said rules of \$25 for each grade animal, and \$50 for each purebred; and

Whereas the legislatures in most of the States, including Minnesota, convened in biennial session in 1953, and appropriated funds in accordance with budgets submitted, for the biennium ending in 1955, in the firm belief this long established practice based on written contract between the Federal Government and the several States would be continued, as no notice of intention to cancel said contract had at that time been received; and

Whereas the United States Department of Agriculture, after most of the 1953 sessions of State legislatures had adjourned, amended their regulations to reduce the maximum Federal payments for animals condemned for brucellosis, after September 23, 1953, to a maximum of \$9 for grade females and \$18 for purebreds; and

Whereas the Chief of the Livestock Disease Eradication Branch, Agricultural Research Service, United States Department of Agriculture, now announces that no Federal funds are available for allotment to this State for the present fiscal year, although the money previously allotted is now exhausted, even with the reduced payment

which became effective on September 23, 1953; and

Whereas although vast sums of money have been and are being expended in the purchase of healthy cattle for drought relief, the Secretary of Agriculture has announced his intention of discontinuing payments for animals condemned for disease as an economy measure, and has failed to include any request in his budget for 1954–55 for the comparatively modest sum to pay such indemnities; and

Whereas any program for eradication of a well-established disease of domestic animals involves years of education and preparation of owners of livestock involving expenditure of much time and money, and when once embarked upon, such programs must be carried through to completion if the funds already expended are not to be largely wasted; and

Whereas it is the considered opinion of this commission that if Federal participation in payment of indemnities is discontinued, such action will cause severe and perhaps irreparable loss to the livestock industry of the United States by delaying, discouraging, and, in some cases, completely disrupting programs now in progress for the eradication of brucellosis, the most devastating disease of cattle now existing in the United States, and which disease is transmissible to man, and in recent years has become a major public-health problem; and

Whereas this commission considers such action by the Secretary of Agriculture without fair and sufficient notice to the several States to be in direct violation of the spirit and wording of the memorandum of understanding entered into with the State of Minnesota: Therefore be it

*Resolved by the Legislative Interim Commission on Dairy Products and Livestock in regular session assembled*, That said commission believes it is imperative for the welfare of the livestock industry of the State of Minnesota, that participation by the Federal Government with the several States in the control of the diseases of domestic animals including the sharing in the payments of indemnity on the same basis as has been followed for many years past, be continued; and be it further

*Resolved*, That said commission urges the President of the United States, the Honorable Secretary of Agriculture, and all Members of Congress from Minnesota to immediately take such steps as may be required to assure the appropriation of sufficient funds for such purposes, including the payment of indemnity for cattle condemned and slaughtered for tuberculosis and brucellosis; and be it further

*Resolved*, That said commission urges in addition thereto, an immediate appropriation by Congress to the United States Department of Agriculture for the present fiscal year ending June 30, 1954, and an immediate revocation of the amendment to the rules and regulations to BAI Order 375 which became effective September 23, 1953, thus enabling the United States Department of Agriculture to resume participation in the payment of indemnities for cattle condemned on account of brucellosis on an equal basis with the several States; and be it further

*Resolved*, That copies of this resolution be sent to the President of the United States, the Secretary of the United States Department of Agriculture, and each Representative and Senator in Congress from the State of Minnesota.

Senator David M. Carey; Senator Arthur Gillen; Senator A. R. Johanson; Senator Henry Mattson; Senator John M. Zwach, Chairman; Representative George Daley, Vice Chairman; Representative Alvin O. Hofstad, Secretary; Representative Roy C. Jensen, Representative Joe P. Lorentz, Representative August B. Mueller, Members of Dairy Products and Livestock Commission.



## FARM PRICE SUPPORTS

Mr. HUMPHREY. Mr. President, yesterday I inserted in the RECORD a petition from the businessmen of several communities in Minnesota, urging that farm price supports be maintained at no less than 90 to 100 percent of parity, figured under the old parity formula for all farm products.

I wish the RECORD to show that a similar petition has been signed by 149 businessmen from the city of Montevideo, Minn., and 26 businessmen from the community of Watson, Minn.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BUTLER of Maryland, from the Committee on Interstate and Foreign Commerce:

S. 2371. A bill to extend emergency foreign merchant vessel acquisition and operating authority of Public Law 101, 77th Congress, and for other purposes; without amendment (Rept. No. 1087).

By Mr. JOHNSON of Colorado, from the Committee on Interstate and Foreign Commerce:

S. 2713. A bill to authorize the Secretary of Commerce to reconvey certain property which the city of Boulder, Colo., donated to the Secretary of Commerce for the establishment of a radio propagation laboratory; without amendment (Rept. No. 1088).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

S. 2777. A bill to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska, between Haines, Alaska, and other points in Alaska, and between Hyder, Alaska, and other points in Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; without amendment (Rept. No. 1089).

By Mr. FOTTER, from the Committee on Interstate and Foreign Commerce:

H. R. 6436. A bill to amend the Communications Act of 1934, as amended; with amendments (Rept. No. 1090).

By Mr. BUTLER of Maryland, from the Committee on the Judiciary:

S. J. Res. 44. Joint resolution proposing an amendment to the Constitution of the United States relating to the composition and jurisdiction of the Supreme Court; with amendments (Rept. No. 1091).

## POSTAL RATES AND POLICY OF POST OFFICE DEPARTMENT—REPORT OF A COMMITTEE (S. REPT. NO. 1086)

Mr. CARLSON. Mr. President, at the request of the Committee on Post Office and Civil Service, I submit, pursuant to Senate Resolution 49, agreed to March 6, 1953, a report on a wide-range study of postal rates and postal policy of the Post Office Department.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The report will be received and printed.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KUCHEL:

S. 3170. A bill to provide for national cemeteries in the State of California; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. KUCHEL when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 3171. A bill to amend title IX of the District of Columbia Revenue Act of 1937 so as to provide retirement benefits for the office of judge of the District of Columbia Tax Court, and for other purposes; to the Committee on the District of Columbia.

(See the remarks of Mr. BEALL when he introduced the above bill, which appear under a separate heading.)

By Mr. COOPER:

S. 3172. A bill for the relief of John Lewis Pyles, Jr.; to the Committee on the Judiciary.

By Mr. GRISWOLD:

S. 3173. A bill for the relief of Abraham Flores, nee Zoto and Manuela Flores; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 3174. A bill to amend the Internal Revenue Code so as to clarify the applicability of the excise tax on electric air heaters; to the Committee on Finance.

By Mr. SALTONSTALL (by request):

S. 3175. A bill to repeal certain laws relating to professional examinations for promotion of medical, dental, and veterinary officers of the Army and Air Force;

S. 3176. A bill to provide for the crediting of certain service toward retirement of reserve personnel; and

S. 3177. A bill to increase the annual compensation of the academic dean of the United States Naval Postgraduate School; to the Committee on Armed Services.

(See the remarks of Mr. SALTONSTALL when he introduced the above bills, which appear under a separate heading.)

By Mr. FERGUSON:

S. 3178. A bill to amend section 6 (a) of the Natural Gas Act in order to establish a rule with respect to the valuation of gas reserves for the purpose of ratemaking under the provisions of such act; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. FERGUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. HUNT:

S. 3179. A bill for the relief of Isabelle S. Gorrell, Donald E. Gorrell, Mary Owen Gorrell, and Kathryn G. Wright; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3180. A bill for the relief of Maximilian Karl Manjura; to the Committee on the Judiciary.

By Mr. DWORSHAK:

S. 3181. A bill to amend the Sugar Act of 1948, as amended; to the Committee on Finance.

## NATIONAL CEMETERIES IN LOS ANGELES COUNTY, CALIF.

Mr. KUCHEL. Mr. President, I introduce for appropriate reference a bill authorizing the Secretary of the Army to establish one or more national cemeteries in Los Angeles County in the State of California.

The need for locating one or more national cemeteries in Los Angeles County was recognized by the American Legion in its 1953 national convention. By resolution the American Legion advocated and petitioned the Congress to establish such a facility in Los Angeles County.

It is a fact that there are 818,000 veterans residing in Los Angeles County at this time and that there is no place in the United States with such a heavy concentration of population that does not have a national cemetery well within its area.

Men and women in active military service, whose homes are in the Los Angeles area, are on duty in all parts of the Nation and foreign soil. The next of kin, living in the Los Angeles area, almost without exception, prefer to bury their in-service loved one, at time of death, near their home. The nearest national cemeteries are at San Bruno, Calif., where is located the Golden Gate National Cemetery and San Diego, Calif., where is located Fort Rosecrans. The long distance from Los Angeles, of these two cemeteries results in the next of kin being unable to visit these installations.

It is for these reasons that I am hopeful that this proposed legislation will receive the favorable consideration by the appropriate committee and by the Congress.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3170) to provide for national cemeteries in the State of California, introduced by Mr. KUCHEL, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

## AMENDMENT OF DISTRICT OF COLUMBIA REVENUE ACT OF 1937, RELATING TO RETIREMENT BENEFITS FOR JUDGE OF DISTRICT OF COLUMBIA TAX COURT

Mr. BEALL. Mr. President, I introduce for appropriate reference a bill to amend title IX of the District of Columbia Revenue Act of 1937 so as to provide retirement benefits for the office of judge of the District of Columbia Tax Court, and for other purposes.

The substantive provisions of the proposed amendment entitled "A bill to amend title IX of the District of Columbia Revenue Act of 1937 so as to provide retirement benefits for the office of judge of the District of Columbia Tax Court, and for other purposes" are as follows:

First. The first section of the proposed amendment provides for the extension of the term of office of judge of the District of Columbia Tax Court from its present term of 4 years to a term of 10 years;

Second. Such section further provides for the retirement of any judge of the District of Columbia Tax Court after such judge (a) has served as a judge of such court for a period or periods aggregating 20 years or more, whether or not continuously; (b) has served as a judge of such court for a period or periods aggregating 10 years or more, whether or not continuously, and having attained the age of 70 years; or (c) has become permanently disabled from performing his duties, regardless of age or length of service and upon furnishing to the Commissioners of the District of Columbia a certificate of disability signed by the Chief Judge of the United States District Court for the District of Columbia;

Third. Any judge retiring under the provisions of the proposed amendment shall receive annually in monthly installments, during the remainder of his life, a sum which bears the same ratio to the salary received by such judge at the

time of his retirement as the total of his aggregate years of service bears to the period of 30 years, to be paid in the same manner as the salary of such judge.

Section 2 of the proposed amendment provides that "the amendments made by this act shall be applicable to the present incumbent of the office of judge of the District of Columbia Tax Court and to any person hereafter appointed as a judge of such court."

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3171) to amend title IX of the District of Columbia Revenue Act of 1937 so as to provide retirement benefits for the office of judge of the District of Columbia Tax Court, and for other purposes, introduced by Mr. BEALL, was received, read twice by its title, and referred to the Committee on the District of Columbia.

#### AMENDMENT OF NATURAL GAS ACT

Mr. FERGUSON. Mr. President, I introduce for appropriate reference a bill to amend the Natural Gas Act so as to prevent natural-gas transmission companies from writing up the costs of the natural gas which they own and produce. The purpose of this bill is to protect the natural-gas consumers from the tremendous rate increases which will result if these companies are permitted to make an arbitrary increase in the cost of their own gas.

It has been a long-established policy of rate regulation of these natural-gas transmission companies that they are entitled to receive the fair return on the actual cost of the natural-gas reserves which they own and produce. This philosophy of rate regulation has been approved by the courts, including the United States Supreme Court. The purpose of the bill is to write that philosophy into law.

Recently, however, efforts have been made to persuade the Federal Power Commission to depart from this sound philosophy of regulation and permit these companies to charge what is equivalent to the prevailing market price for their own gas.

The staff of the Federal Power Commission has pointed out in a brief filed with the Commission that such a policy would mean literally billions of dollars of additional profits to the stockholders of these natural-gas transmission companies over the life of the gas reserves. Of course, this means that the consumers of natural gas must pay even more billions of dollars in higher rates.

At the present time, the issue is before the FPC and the Commission is being asked to award the so-called commodity value or the current market price for gas produced by transmission companies.

The difference between this full commodity value and the amount which is now received on the basis of a fair return on investment may be in the order of 13 cents per 1,000 cubic feet of gas, in at least 1 instance. If the cost of gas is increased by 13 cents per 1,000 cubic feet, the total increase that may be paid by the gas user could reach at least \$455 million in 1 instance. Of

course, this may not represent the full amount of the increase which the gas user must bear in future years. If the market price of natural gas is increased, then the figure of 13 cents per 1,000 cubic feet will also be raised and the \$455 million will become a much higher amount and a much greater burden on the gas user.

If the cost of this gas was raised 13 cents a thousand cubic feet, the result would be a rate increase to consumers of about \$9,400,000 a year, and this would mean increases costing Michigan consumers \$3,250,000 a year.

Mr. President, I have heard from the common council of Detroit and also from the corporation counsel of Detroit, Mr. Lee and Mr. Dwyer, on this subject, and I have asked the Federal Power Commission to give me the exact amount the rate increase would cost the consumers in Michigan.

This matter is of great interest to all areas where natural gas is consumed, and is of particular interest in the State of Michigan, as I have indicated.

These gas consumers, as well as the gas consumers of other States, have already paid a rate on the natural gas transmission companies costs of acquiring and holding the gas reserves which they now own. These costs, including the cost of nonproductive drilling, have all been included in the rate base and the operating expenses of these companies. It is unthinkable that the ratepayer should now be required to pay an arbitrarily inflated price for the gas which his money has developed.

It is to be hoped that the Federal Power Commission will reject the attempt to write up the value of gas reserves at the expense of the ratepayer. I believe that this is the obligation and the duty of the Federal Power Commission. In addition, the ratepayer should be protected from such efforts by legislation and this bill would accomplish this objective.

I ask unanimous consent that the bill be printed in the RECORD at this point as a part of my remarks.

There being no objection, the bill (S. 3178) to amend section 6 (a) of the Natural Gas Act in order to establish a rule with respect to the valuation of gas reserves for the purpose of ratemaking under the provisions of such act, introduced by Mr. FERGUSON, was received, read twice by its title, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc., That section 6 (a) of the Natural Gas Act (15 U. S. C. 717 e (a)) is amended by inserting before the period at the end thereof a colon and the following: "Provided, That the value for ratemaking purposes of gas reserves held by any natural-gas company shall in no case be deemed to exceed the actual original cost of such reserves to such company."*

#### ARMED FORCES LEGISLATION

Mr. SALTONSTALL. Mr. President, by request, I introduce for appropriate reference three bills relating to proposed legislation for the Armed Forces. I ask unanimous consent that the letters ac-

companying the bills be printed in the RECORD, immediately following each bill.

The PRESIDING OFFICER. The bills will be received and appropriately referred; and, without objection, the letters accompanying the bills will be printed in the RECORD.

The bills, introduced by Mr. SALTONSTALL, by request, were received, read twice by their titles, and referred to the Committee on Armed Services, as follows:

S. 3175. A bill to repeal certain laws relating to professional examinations for promotion of medical, dental, and veterinary officers of the Army and Air Force.

(The letter accompanying Senate bill 3175 is as follows:)

#### DEPARTMENT OF THE AIR FORCE,

Washington, March 18, 1954.

HON. RICHARD M. NIXON,

President of the Senate.

DEAR MR. PRESIDENT: There is enclosed a draft of legislation, to repeal certain laws relating to professional examinations for promotion of medical, dental, and veterinary officers of the Army and Air Force, and a sectional analysis thereof.

This proposed legislation is a part of the Department of Defense legislative program for 1954 and it has been approved by the Bureau of the Budget.

The responsibility for representing the Department of Defense on this legislation has been delegated to this Department by the Office of the Secretary of Defense. The Department of the Air Force on behalf of the Department of Defense recommends that the proposal be enacted by the Congress.

#### PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to repeal the requirements in existing law for professional examinations to establish the eligibility of medical, dental, and veterinary officers of the Army and Air Force for permanent promotion. These statutory requirements are identical for such Army and Air Force personnel. These requirements of examinations for promotion were suspended during World War II by authority contained in the act of November 29, 1940 (54 Stat. 1219), as extended by the act of May 15, 1945 (59 Stat. 168). They have again been in suspense since the issuance of Executive Order 10262 on June 28, 1951, pursuant to authority contained in section 507 (b) of the Officer Personnel Act of August 7, 1947 (61 Stat. 892). The present suspension is for the duration of the national emergency proclaimed by the President on December 16, 1950.

For purposes of promotion, professional examinations by the military medical services have been completely outdated by the Officer Personnel Act of 1947, by virtue of which was set up the combined procedure of effectiveness reports and review by selection boards of the qualifications of officers who are in line for promotion. Effectiveness reports for professional officers of the medical services reflect not only the individual's general capabilities, but also his professional competence. The combination of effectiveness reports and selection board review makes possible a much more intelligent decision as to qualifications for promotion than written examinations alone afforded in the past. Attention is called to the fact that since establishment of this selection board procedure under the Officer Personnel Act (except during suspension of the professional examination by executive order), medical, dental, and veterinary officers of the Army and Air Force have been compelled to undergo a dual review for promotion (a professional examination plus investigation by the selection board), in contrast to the single requirement of selection board investigation imposed up-



on line officers and all professional officers except those of the medical service. This dual review is unnecessary.

The fact that suspension of professional examinations for promotion is necessary during a war or national emergency gives evidence of the hardship that such examinations cause. For example, prior to the 1951 suspension under Executive Order 10262, Army and Air Force medical, dental, and veterinary officers in Korea who were under consideration for promotion had to be called to Japan to meet with examining boards. This results in an unnecessary interruption of necessary professional medical service.

The assembling of a board of examiners of sufficient competence to examine a specialist in one of the medical fields is even more difficult and expensive particularly when the specialist has been assigned to a remote area overseas.

It will be noted that this proposal does not relate to professional examinations for promotion of medical and dental officers in the Navy. The laws governing professional examinations for promotion of officers of the naval service relate to all such officers and there are no statutory provisions for professional examinations for promotion which apply solely to medical and dental officers. To exclude medical and dental officers of the Navy from the requirement of a professional examination for promotion would give them a special preference over all other officers of the naval service.

The Department of the Navy has under study the matter of professional examination for promotion of officers of the naval service and should it be determined that a modification of the laws relating to such examinations is desirable the modification would be applicable to all officers of the naval service.

#### COST AND BUDGET DATA

Appreciable monetary savings would result from the enactment of this proposed legislation. These examinations entail both direct and indirect expense. Directly, they involve expense of administration and transportation, per diem, and salaries of the personnel involved (examinee and board of examiners). Indirectly, they involve expense through the loss of productivity of personnel concerned while absent from their regular duties.

Sincerely yours,

HAROLD E. TALBOTT.

S. 3176. A bill to provide for the crediting of certain service toward retirement of Reserve personnel.

(The letter accompanying Senate bill 3176 is as follows:)

DEPARTMENT OF THE NAVY,  
Washington, March 5, 1954.

HON. RICHARD M. NIXON,  
President of the Senate,  
United States Senate,  
Washington, D. C.

MY DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "to provide for the crediting of certain service toward retirement of Reserve personnel."

This proposal is part of the Department of Defense legislative program for 1954. The responsibility for representing the Department of Defense on this legislation has been delegated to this Department by the Office on the Secretary of Defense.

#### PURPOSE OF THE LEGISLATION

The purpose of this legislative proposal is to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948 (62 Stat. 1081) so as to permit members of the Reserve components of the Armed Forces to receive credit, for purpose of retirement under title III of that act (10 U. S. C. 1036a Supp.), for service as an appointed aviation cadet; a nurse; or dietitian or physical therapist appointed in the Med-

ical Department of the Army of the United States under the act of December 22, 1942 (46 Stat. 1072, 10 U. S. C. 81 Note). The proposal would also amend section 6 of the act of February 21, 1946 (60 Stat. 27, 34 U. S. C. 410b) so as to permit officers of the Nurse Corps of the Naval Reserve to count for purposes of retirement, upon completion of 20 or more years of active duty, the same type of service which officers of the Nurse Corps of the Regular Navy may count for that purpose.

Under the act of April 15, 1935 (49 Stat. 156), the Navy's original aviation cadet law, candidates were appointed as aviation cadets in the Naval Reserve. Following the completion of their training they remained aviation cadets and performed active duty involving flying for a period of 3 years in that status, at the expiration of which time they were appointed commissioned officers in the Naval Reserve. The period of service performed as appointed aviation cadets may not now be credited under section 302 of the Army and Air Force Vitalization and Retirement Equalization Act of 1948, inasmuch as the status of appointed aviation cadet is not mentioned in that section. Since 1942, when the Naval Aviation Cadet Act of 1942 (56 Stat. 737, 34 U. S. C. 850a-850m) was enacted, aviation cadets of the Naval Reserve have an enlisted status and thus receive credit for the period they serve as aviation cadets. Aviation cadets of the Air Force have always had an enlisted status and thus receive credit for their aviation cadet service. The proposed legislation would permit members of the Reserve components who performed active duty as appointed aviation cadets to count that active duty for retirement purposes under title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948.

Under the present wording of section 302 of the Army and Air Force Vitalization and Retirement Equalization Act of 1948, officers of the Reserve components of the Armed Forces who, prior to their appointment as commissioned officers under the Army-Navy Nurses Act of 1947, served on active duty as Regular or Reserve nurses in the Army and Navy, or as dietitians or physical therapists in the Medical Department of the Army, may not count that service for purposes of retirement under title III of that act. Inasmuch as that service is considered active Federal service for retirement purposes for officers of the Regular Army, Navy, and Air Force, it is only equitable that officers of the Reserve components should have like credit for similar service. The proposed legislation would authorize credit for that type of service for officers of the Reserve components.

Section 6 of the act of February 21, 1946 (60 Stat. 27), as amended (34 U. S. C. 410b), permits officers of the Regular Navy or Marine Corps or of the Reserve components thereof to retire, in the discretion of the President, when they have completed more than 20 years of active service, at least 10 years of which has been active commissioned service. Section 207 (h) of the Army-Navy Nurses Act of 1947, as amended (34 U. S. C. 43g (h)), provides the following for officers of the Regular Navy Nurse Corps:

"(h) The number of years service to be credited to officers of the Navy Nurse Corps in determining their eligibility for voluntary retirement shall be based on the total of all active service either under an appointment or contract or as a commissioned officer in the Nurse Corps of the Army or Navy, or the Reserve components thereof and all active service in the Nurse Corps or the Nurse Corps Reserve abolished by this act, shall, for this purpose only, be regarded as commissioned service in the Navy or the Reserve components thereof, as the case may be."

The proposed legislation would permit officers of the Navy Nurse Corps Reserve to

count for voluntary retirement after more than 20 years of active service the same type of service which section 207 (h) of the Army-Navy Nurses Act of 1947 permits officers of the Regular Navy Nurse Corps to count for that purpose.

The Bureau of the Budget has advised that there would be no objection to the submission of the proposed legislation to the Congress. The Department of the Navy, on behalf of the Department of Defense, recommends that the proposal be enacted by the Congress.

Sincerely yours,

R. B. ANDERSON,  
Secretary of the Navy.

S. 3177. A bill to increase the annual compensation of the Academic Dean of the United States Naval Postgraduate School.

(The letter accompanying Senate bill 3177 is as follows:)

DEPARTMENT OF THE NAVY,  
Washington, March 11, 1954.

HON. RICHARD M. NIXON,  
President of the Senate,  
United States Senate,  
Washington, D. C.

MY DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "to increase the annual compensation of the Academic Dean of the United States Naval Postgraduate School."

This proposal is part of the Department of Defense legislative program for 1954. The responsibility for representing the Department of Defense on this legislation has been delegated to this Department by the Office of the Secretary of Defense.

#### PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to increase the statutory limitation which is now imposed on the annual compensation of the Academic Dean of the United States Naval Postgraduate School.

The present compensation of the Academic Dean of the Naval Postgraduate School was established in 1946 when that position was created by the act of June 10, 1946 (60 Stat. 236) for the Postgraduate School of the Naval Academy. When the Postgraduate School of the Naval Academy was given statutory recognition by the act of July 31, 1947 (61 Stat. 706), and was established as a school separate from the Naval Academy and designated the United States Naval Postgraduate School, the provisions of the act of June 10, 1946, were made applicable to the Academic Dean of the United States Naval Postgraduate School.

Since 1946 no change has been made in the annual compensation of the Academic Dean of the Naval Postgraduate School, although two cost-of-living increases have been granted almost all other Federal Government employees. While the Secretary of the Navy may, under the authority given him by the act of July 31, 1947, grant to the other civilian members of the faculty of the Naval Postgraduate School cost-of-living increases comparable to those granted other employees of the Federal Government, he may not increase the compensation of the Academic Dean beyond \$12,000 because of the limitation imposed on that salary by the act of June 10, 1946.

The Academic Dean of the Naval Postgraduate School is head of the civilian faculty of that school, a position which is similar to that of the dean of any of the outstanding engineering schools in this country. In order to retain a man of the high caliber which the position requires, the salary provided must be comparable with that offered by private institutions.

The proposed legislation would authorize the Secretary of the Navy to prescribe the annual salary of the Academic Dean at a rate not to exceed \$13,500. An analysis of the figures obtained from a recent survey by the

Department of the Navy of civilian institutions of comparable purpose and standing shows the present average salary for deans to be \$13,500.

#### COST AND BUDGET DATA

The present salary of the Academic Dean of the Naval Postgraduate School is \$12,000. Enactment of the proposed legislation would permit a maximum annual salary for the Academic Dean of \$13,500, an annual increase of \$1,500 over the present maximum salary authorized for that position.

The Department of the Navy has been advised by the Bureau of the Budget that there would be no objection to the submission of the proposed legislation to the Congress. The Department of the Navy, on behalf of the Department of Defense, recommends that the proposal be enacted by the Congress.

Sincerely yours,

R. B. ANDERSON,  
Secretary of the Navy.

#### PERMISSION FOR A CAPELLA CHOIR, MIDWAY (KY.) JUNIOR COLLEGE, TO SING IN ROTUNDA OF CAPITOL

Mr. COOPER submitted the following concurrent resolution (S. Con. Res. 72), which was referred to the Committee on Rules and Administration:

*Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States hereby extends permission to the A Cappella Choir, composed of 33 students from Midway Junior College, Midway, Ky., to sing April 20, 1954, in the rotunda of the United States Capitol. The Architect of the Capitol is authorized and directed to make such arrangements as may be necessary to carry out this resolution.*

#### PROCEDURE IN ENACTMENT OF LEGISLATION AFFECTING INDIANS

Mr. KERR submitted the following concurrent resolution (S. Con. Res. 73), which was referred to the Committee on Rules and Administration:

Whereas the Congress of the United States has heretofore enacted laws and resolutions affecting the social, political, and economic life of the American Indians and the natives of Alaska, including some laws affecting Executive orders, and treaties and agreements between the United States and Indian tribes; and

Whereas said Indian tribes have not in all cases been notified of the pendency of such legislation or accorded full opportunity to be heard prior to its enactment: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that no bill or resolution directly affecting the rights, privileges, or property of any tribe, band, or other identifiable group of Indians, particularly rights and privileges guaranteed by Executive orders, treaties, or agreements, should be considered in either House unless such tribe, band, or group has been given notice of the pendency of such bill or resolution and afforded a reasonable opportunity to be heard thereon by the committee to which it was referred.*

#### PRINTING OF ADDITIONAL COPIES OF SENATE REPORT RELATIVE TO POSTAL RATES AND POSTAL POLICY OF POST OFFICE DEPARTMENT

Mr. CARLSON submitted the following resolution (S. Res. 222), which was re-

ferred to the Committee on Rules and Administration:

*Resolved, That there be printed for the use of the Committee on Post Office and Civil Service 3,000 copies of Senate Report No. 1086, 83d Congress, relative to postal rates and postal policy of the Post Office Department.*

#### INCREASED SALARIES FOR MEMBERS OF CONGRESS AND THE JUDICIARY—AMENDMENT

Mr. HUNT submitted an amendment, intended to be proposed by him to the bill (S. 1663) to increase the salaries of Members of Congress, judges of United States courts, and United States attorneys, and for other purposes, which was ordered to lie on the table and to be printed.

#### REDUCTION OF EXCISE TAXES—AMENDMENTS

Mr. HUMPHREY submitted an amendment, intended to be proposed by him to the bill (H. R. 8224) to reduce excise taxes, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. BYRD submitted an amendment, intended to be proposed by him to House bill 8224, supra, which was ordered to lie on the table and to be printed.

Mr. McCLELLAN submitted an amendment, intended to be proposed by him to House bill 8224, supra, which was ordered to lie on the table and to be printed.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session, The following favorable reports of nominations were submitted:

By Mr. CARLSON, from the Committee on Post Office and Civil Service:

Twenty-four postmasters.

By Mr. BRICKER, from the Committee on Interstate and Foreign Commerce:

Robert F. A. Studts, to be Director of the Coast and Geodetic Survey;

Walter H. Bainbridge, to be commissioned captain in the Coast and Geodetic Survey;

Carl I. Aslakson, to be commissioned captain in the Coast and Geodetic Survey; and

Paul A. Smith, to be commissioned captain in the Coast and Geodetic Survey.

#### NOTICE OF HEARING ON NOMINATIONS OF UNITED STATES DISTRICT JUDGE, ATTORNEYS, AND MARSHALS

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, March 31, 1954, at 10 a. m., in room 424, Senate Office Building, upon the following nominations:

Roszel C. Thomsen, of Maryland, to be United States district judge for the district of Maryland, vice W. Calvin Chesnut, retired.

Joseph E. Hines, of South Carolina, to be United States attorney for the western district of South Carolina, vice John C. Williams, resigned.

Edwin M. Stanley, of North Carolina, to be United States attorney for the middle district of North Carolina, vice Bryce R. Holt, resigned.

Ray H. Schoonover, of Wisconsin, to be United States marshal for the western district of Wisconsin, vice John M. Comeford, resigned.

B. Ray Cohoon, of North Carolina, to be United States marshal for the eastern district of North Carolina, vice Ford S. Worthy, retired.

At the indicated time and place all persons interested in the nominations may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Missouri [Mr. HENNINGSEN].

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Article by George Sokolsky entitled "The Losing Battle," and conclusions of the Committee on Foreign Relations dealing with the inadequacy of laws for offenses against the national security.

#### ROBERT A. TAFT SANITARY ENGINEERING CENTER

The PRESIDING OFFICER laid before the Senate the concurrent resolution (H. Con. Res. 214), which was read, as follows:

*Resolved by the House of Representatives (the Senate concurring), That the Sanitary Engineering Center, Cincinnati, Ohio, which is to be dedicated by the Department of Health, Education, and Welfare on April 8 and 9, 1954, should be known and designated as the "Robert A. Taft Sanitary Engineering Center," in honor of the late Senator Robert A. Taft, and should be dedicated as a memorial to his distinguished public service. Any law, rule, regulation, document, or record of the United States in which such center is referred to should be held to refer to such center under and by the name of the "Robert A. Taft Sanitary Engineering Center."*

Mr. MARTIN. I ask unanimous consent for the present consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and agreed to.

#### AID TO STATES IN WILDLIFE RESTORATION PROJECTS

Mr. WILEY. Mr. President, the State of Wisconsin is deeply interested in H. R. 7764, to aid States in wildlife restoration projects.

I present a letter I received this morning from L. P. Voigt, acting conservation director of Wisconsin, on behalf of that bill, which is now pending before the House Merchant Marine and Fisheries Committee.

I ask unanimous consent that Mr. Voigt's letter be printed at this point in the body of the RECORD.



There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF WISCONSIN,  
CONSERVATION DEPARTMENT,  
Madison, March 11, 1954.

HON. ALEXANDER WILEY,  
United States Senator,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR WILEY: Mr. HOMER ANGELL has introduced bill H. R. 7764, to provide that the United States shall aid the States in wildlife restoration projects. This bill has been referred to the Committee on Merchant Marine and Fisheries.

This bill appropriates an unexpended balance in the Federal aid to wildlife restoration fund to the States for wildlife restoration purposes. This balance accrued from September 1937 to June 1947.

We have given H. R. 7764 careful and considerate study and feel it warrants like study on your part and a favorable vote on the floor of Congress.

Moneys appropriated to the State of Wisconsin under the provisions of the bill would augment our future State budgets to carry on watershed work, acquire and develop public hunting and fishing grounds, and improve wildlife habitat throughout the State. Wisconsin's million or more sportsmen have recognized the need for, and are demanding, further wildlife habitat improvement projects. Farmers are requesting tree and shrub planting stock for the enrichment of farm life, control of soil erosion, the beautification of farmlands, and coincidental wildlife habitat improvement far beyond our facilities to provide such stock. This growing trend fits well with our watershed management work being done in cooperation with the University Agricultural Extension Service, the Soil Conservation Service, soil conservation districts, and Watershed Association—farmer organizations within watersheds.

We urge that a hearing be scheduled on this bill so that all interested citizens and organizations can present their points of view. We further urge your continued support for basic, fundamental conservation programs.

Very truly yours,

L. P. VOIGT,  
Acting Conservation Director.

#### ACCELERATED AMORTIZATION FOR ANTI-POLLUTION PURPOSES

Mr. WILEY. Mr. President, I have long been deeply interested in proposals to accelerate amortization for industrial expenditures designed to reduce pollution of water and air.

I have in the past served as a sponsor of such legislation, and I continue today to believe that this is one of the most important, but least acted upon issues in cities across our country today.

It is clear that antipollution plants are nonrevenue producing, and are terrifically expensive. We cannot possibly encourage construction of such plants unless we make special efforts in our tax laws to ease the tax burden on the new plants.

Support for the antipollution fight has come from health authorities, public officials, industrialists, conservationists, and others.

Among the bills which have been pending for this purpose are: a measure by the junior Senator from California [Mr. KUCHEL], S. 3115; and measures in the House of Representatives such as H. R. 234, by Representative BYRNES, of Wis-

consin; H. R. 606, by Representative RICHARD SIMPSON; H. R. 2720, by Representative CARL HINSHAW.

In the omnibus tax reform bill, H. R. 8300, provision has been made to authorize farmers to deduct for tax purposes amounts spent for soil and water conservation, and for prevention of erosion of land. This purpose is obviously somewhat akin to the antipollution fight.

Unfortunately, overall antipollution tax provision was not included in H. R. 8300, partly because of the sheer multiplicity of proposals, and because the problems facing the Ways and Means Committee were so enormous on so many fronts.

It is my earnest hope, however, that the Senate Finance Committee will find it possible to incorporate within the Senate's version of the tax revision bill some amendment to provide a tax break for industries engaged in the antipollution fight.

#### POSTAL ADVISORY COUNCIL

Mr. CARLSON. Mr. President, on March 6, 1953, the Senate Committee on Post Office and Civil Service was authorized to appoint an advisory council, which should report not later than January 31—later amended to March 31—of this year on certain problems confronting the United States Post Office.

In accordance with this authorization, the chairman appointed an advisory council consisting of the following distinguished persons: Walter D. Fuller, chairman of the board of the Curtis Publishing Co.; Eugene Pulliam, president of the Indianapolis Star and News; M. Albert Linton, chairman of the board of the Provident Mutual Life Insurance Co. of Philadelphia; Ed M. Anderson, editor and publisher of North Carolina weekly newspapers; Mrs. Theodore S. Chapman, first vice president of the General Federation of Women's Clubs; William C. Doherty, president of the National Association of Letter Carriers; John E. Tillotson, director of the Associated Third Class Mail Users; Edward E. Rubin, vice president of Spiegel; Paul D. Sanders, editor and copublisher of the Southern Planter; Robert Ramspeck, vice president of the Eastern Air Lines.

The advisory council, with the help of special subcommittees and qualified expert organizations, devoted the remainder of 1953 to an intensive study of postal problems. They examined scores of post offices throughout the country at first hand.

At the first of this year they submitted an exhaustive 364-page report, which I am today transmitting to the Senate for its consideration. This report is a full and authoritative treatment of the postal situation. Nonetheless, since it includes a large number of recommendations, many of them dealing with highly controversial issues, the Post Office and Civil Service Committee does not ask that the report be approved in its entirety. I wish at this time, however, to point out that it presents a clear and comprehensive proposal for an official statement of postal policy.

We all recognize, I think, that the lack of such a clear policy statement in the past has gravely handicapped the Con-

gress in its legislation on rates and other aspects of the complex postal operation. It has been an equal handicap to the Postmaster General, whatever his political party, in his endeavor to develop a realistic and durable postal program.

Postmaster General Summerfield was handicapped when he took office by the fact that there is no official determination on record as to whether the Post Office is primarily a service, primarily a business, or a combination of the two.

Many persons believe that the Post Office cannot be realistically considered as anything other than a service. There is, however, an opposite and equally sincere point of view. There are persons who argue that while certain postal operations must necessarily result in a loss, the Post Office on an overall basis must stay in the black.

Clearly, it is impossible to pass a realistic and enduring postal rate bill until we know which of these two points of view is to prevail.

Lacking specific instructions from Congress, the Postmaster General can only proceed on the good business assumption that his job is to cut the deficit and let the chips fall where they may.

He and his able assistants are doing a magnificent job in that direction.

Regardless of the efforts of the Post Office Department to apply business principles, these two conflicting views must be resolved before we can find a permanent solution for one of our main postal problems.

Postmaster General Summerfield, however great his ability, is not in a position to clear up that confusion. It can be done only by the Congress of the United States.

Whatever may be the fate of the specific recommendations offered by the Advisory Council—and many of them, in my opinion, deserve very careful study and eventual approval of this body—the country, I believe, owes the Council a debt of gratitude for preparing this proposed statement of postal policy.

If it is approved by the Congress, all future rate legislation will be premised on the fact that "the Post Office Department is fundamentally a public service to the people of the United States and should be so considered."

If, on the other hand, the proposed policy is disapproved, it will be a clear indication that the Congress no longer wishes the Post Office Department to be considered primarily as a service, and all rate proposals will have to be reviewed in that light.

Personally, I feel that the Congress has an obligation to the Post Office Department and to the country to resolve this issue.

#### VACANCIES ON THE FEDERAL RESERVE BOARD

Mr. HUMPHREY. Mr. President, on March 1, I introduced a resolution calling upon the President to fill the existing vacancies on the Federal Reserve Board as required by law, in order to correct the present unfair and unsound predominant influence of private bankers in the Federal Open Market Committee.

I ask unanimous consent to have appear in the body of the RECORD an article on this resolution from the March 5 issue of the American Banker, which probably has the widest circulation among American banks of any paper in the country and is especially read by small banks whose interests I desire to protect.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**HUMPHREY RESOLUTION ASKS PRESIDENT TO FILL VACANCIES ON FEDERAL RESERVE BOARD**

WASHINGTON, March 4.—Senator HUBERT H. HUMPHREY, of Minnesota, has entered a formal resolution calling on the President to "select immediately" properly qualified citizens to fill present vacancies on the Federal Reserve Board.

The resolution of Senator HUMPHREY's, which was referred to the Senate Banking Committee, highlights frequent discussions among informed Congress, on the vacancies now existing on the Reserve Board.

It has been rumored, but never directly confirmed, that Reserve Board Chairman Martin favored a Reserve Board of 5 Governors instead of the present statutory 7 Governors.

Should Reserve Board Governor Evans resign from his post now that his term has expired, Board Chairman Martin would have his favored five-man Board. But Governor Evans is continuing to serve until his successor is named in accordance with the law.

The present vacancy, unfilled for some time, came through the resignation of Gov. Oliver S. Powell, who left to become president of the Federal Reserve Bank of Minneapolis.

Senator HUMPHREY's resolution argues that with the Reserve Board of five Governors, the Federal Open Market Committee ties the five Governors, which could "cause an upset in the balance of power," which would be "contrary to the intention of Congress."

The resolution also notes that the word "shall" appears in the law rather than the word "may" in connection with the President's duty to fill vacancies.

The Humphrey resolution makes reference to the Federal Open Market Committee of 5 and the Reserve Board of 7 members. It says that the legislative history of the act "shows that the number seven was finally determined as the minimum number in the opinion of Congress which would achieve fair geographical and functional representation on this powerful Board for all sectors of our economy."

The Open Market Committee, consisting of 5 Reserve Board presidents, sits with the Federal Reserve Board "in order to insure a working majority at all times of the Federal Reserve Board members" presumably of 7.

Board presidents "are elected to their bank positions on the Boards by the directors of the Reserve Bank." These, in turn, are said to consist "of commercial bankers or their representatives." The resolution notes:

"Whereas there are now and have been vacancies on said Reserve Board, one since June 30, 1952 (for more than one year), and another since January 31, 1954, thereby causing an upset in the balance of power in the Federal Open Market Committee,

It is declared that the Reserve Board "is particularly an instrument of this Congress, answerable only to the Congress, and is the only instrument of the Congress through which it may discharge its responsibility for the conduct of the monetary and credit policies."

**ASKS VACANCIES BE FILLED**

The President is asked to fill present Board vacancies "as provided by law, in order to correct the present unfair and unsound pre-

dominant influence of private bankers in the Federal Open Market Committee and, further, to remedy the lack of proper balance in geographical and economic representation on said Federal Reserve Board, and thereby, by such appointments, to restore said Board of Governors of the Federal Reserve System to its intended number and necessary form as an instrument so important to the Congress in the exercise of its responsibilities in monetary and credit matters."

Mr. HUMPHREY. Mr. President, I welcome indications subsequent to my action that the President may take the action I requested and fill these Board vacancies rather than permanently cut the Board's size, either by default or by legislation, as has been advised by my namesake, Secretary of the Treasury Humphrey.

I ask consent to have printed in the body of the RECORD at this point an article from the Wall Street Journal of March 11, indicating the President may soon fill these vacancies.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**PRESIDENT SEEN LIKELY TO FILL FRB VACANCIES, NOT CUT BOARD'S SIZE—EXPECTED TO BRING IT TO FULL 7-MEMBER STRENGTH IN 30 DAYS, OVERRIDE CHAIRMAN'S ADVICE**

WASHINGTON.—President Eisenhower has about decided to increase the size of the Federal Reserve Board by filling two vacancies.

Announcement of the appointments is expected within the next month or so, according to informed sources.

The President apparently has decided not to follow the advice of Federal Reserve Board Chairman William McChesney Martin—not this year, anyway. Mr. Martin has urged the President to ask Congress to cut the Board down to five members. He feels, and Treasury Secretary Humphrey agrees, that the Board could operate more effectively and efficiently with two fewer members.

Present law calls for a seven-man Board of Governors, including the chairman. The FRB has had only six members since July 1952; a vacancy created by a term that expired has never been filled. There are now only five members on the board because Governor Evans' term expired last January 31.

Mr. Evans is staying on until his successor is named.

The FRB is the top policymaking body for the 6,800 members banks of the Federal Reserve System. It sets the rules under which the banks must operate. In addition the Board makes vital monetary policy decisions affecting the size of the Nation's money supply. It has broad powers to tighten up credit, which it does in times of inflation, or to expand credit in times of recession.

It is understood that the White House is sympathetic to suggestions for a five-man board but it doesn't feel ready to propose such a move to Congress this year. "The administration may well propose a 5-man Board next year to take effect when the next 2 Governors' terms expire," said one source.

Since no request for a reduced board will be made this year, the President apparently plans to go ahead and fill the two vacancies. This is being done, among other reasons, to avoid being charged with producing a five-man Board by default. Mr. Martin does not want the smaller Board by that method, either.

Some strong opposition to 5-man FRB would be certain to arise even though 2 congressional committees have recommended the smaller Board. The chairman of the two committees, Senator DOUGLAS, Democrat, of Illinois, and Representative PATMAN, Dem-

ocrat, of Texas, apparently have changed their minds about the value of a smaller Board since their committees made their recommendations in 1950 and 1952. Representative PATMAN recently asked that the Board be increased to 12 members and Senator DOUGLAS is expected to remind the President shortly that the 2 existing vacancies should be filled.

Mr. HUMPHREY. Mr. President, I also ask consent to have printed in the body of the RECORD at this point an article from the Washington Times-Herald of Sunday, March 14, by Walter Trohan, headed "Ike Due To Fill Two Vacancies on the Reserve Board."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**IKE DUE TO FILL TWO VACANCIES ON THE RESERVE BOARD—TAKES A STRONG HAND IN MONETARY POLICY**

(By Walter Trohan)

President Eisenhower has determined to play a strong hand in the conduct of monetary and credit policies of the Nation by filling two vacancies on the Federal Reserve Board.

Announcement of two Republican appointees is expected this month or in April. The White House decision was made against the advice of Federal Reserve Board Chairman William McChesney Martin and Treasury Secretary Humphrey.

Martin, a nominal Republican, who was chief architect of monetary and credit policies in the Truman administration as assistant to former Treasury Secretary Snyder and as head of the Federal Reserve Board, has been urging Mr. Eisenhower to ask Congress to cut the Board to five members.

Humphrey has also favored a five-man Board. Humphrey's position was influenced by the persuasions of Martin, once the boy president of the New York Stock Exchange and now the leading voice for internationalism on monetary policy.

**MARTIN'S INFLUENCE**

For a year Martin's persuasions have kept the President from appointing a representative on the Board. There was one vacancy when Mr. Eisenhower was inaugurated. Last January 31 a second vacancy arose with the expiration of the term of Governor R. M. Evans. Evans is staying on until a successor is appointed as is required by law.

This requirement has not always been observed. Oliver S. Powell resigned his place on the Board in 1952 and left without awaiting the appointment of a successor. The post has never been filled.

Many Republicans have been urging that the President name a man of his choice to the Board so that he may at least have an observer present at sessions which fix monetary and credit policies. With the second vacancy opening in late January, Republicans became more insistent that the President take a part in determining policy on a Board where sentiment is strongly New Deal and Fair Deal.

**SPURRED TO DECISION**

The President was recently spurred to decision, in part, by a resolution introduced in the Senate last March 1 by Senator HUMPHREY, Democrat, of Minnesota, who has been attacking the top policymaking body of the 6,800 member banks of the System. The Board sets rules under which member banks must operate. It has broad powers over credit and over the size of the Nation's money supply.

The Humphrey resolution called upon the President to "select immediately proper and qualified citizens . . . in order to correct the present unfair and unsound predominant influence of private bankers in the Federal open-market committee and, further, to



remedy the lack of proper balance in geographical and economic representation in the Federal Reserve System."

The Federal open-market committee is an integral part of the Federal Reserve System. It was designed to consist of the 7 Board members and 5 of the 12 presidents of Federal reserve banks to alternate from year to year. It has been said that cutting the Board from 7 to 5 members would increase the influence of New York financial interests on this committee.

#### DOUGLAS CHANGES MIND

Democrats had favored a 5-man board, but strong opposition has recently developed in Democratic ranks. Senator DOUGLAS, Democrat, Illinois, has reportedly changed his mind on the subject, although as chairman of a committee in the 82d Congress he had urged a 5-man Board. Representative PATMAN, Democrat, of Texas, who had once favored a 5-man Board as chairman of a House committee in the 82d Congress, recently came out for a 12-man Federal Reserve Board.

Demands are growing in Congress that the President fill the 2 vacancies in order that the country shall not have a 5-man Federal Reserve Board by default. Congress was specific in creating the Federal Reserve Board System in providing that the Board be maintained at full strength. Some Republicans are warning that if the White House does not play a part in formulating monetary and credit policies in the Federal Reserve System, Democratic attacks may lead to nationalized banking.

Mr. HUMPHREY. Mr. President, I desire to call attention to one sentence in that article, headed "Spurred to Decision," and saying:

The President was recently spurred to decision, in part, by a resolution introduced in the Senate last March 1 by Senator HUMPHREY, Democrat, of Minnesota.

#### REDUCTION OF EXCISE TAXES

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The Chair lays before the Senate the unfinished business, which the Clerk will state.

The CHIEF CLERK. A bill (H. R. 8224) to reduce excise taxes, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	Mansfield
Anderson	Goldwater	Martin
Barrett	Gore	McCarran
Beall	Green	McCarthy
Bennett	Griswold	McClellan
Bricker	Hayden	Millikin
Burke	Hendrickson	Monroney
Bush	Hennings	Mundt
Butler, Md.	Hickenlooper	Neely
Butler, Nebr.	Hill	Pastore
Byrd	Hoey	Payne
Capehart	Holland	Potter
Carlson	Humphrey	Purtell
Case	Hunt	Robertson
Chavez	Ives	Russell
Clements	Jackson	Saltonstall
Cooper	Jenner	Schepers
Cordon	Johnson, Colo.	Smathers
Daniel	Johnson, Tex.	Smith, Maine
Dirksen	Kefauver	Smith, N. J.
Douglas	Kennedy	Stennis
Dworshak	Kerr	Symington
Eastland	Kilgore	Thye
Ellender	Kuchel	Upton
Ferguson	Langer	Watkins
Flanders	Lehman	Welker
Frear	Long	Wiley
Fulbright	Magnuson	Williams
George	Malone	Young

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is present.

The unfinished business, H. R. 8224, to reduce excise taxes and for other purposes, is before the Senate.

Mr. MILLIKIN. Mr. President, the Senate has before it House bill 8224, as amended by the Senate Finance Committee. In the main, the bill provides for reducing excise tax rates to the 10 percent level in cases in which the tax rate was above the 10 percent level.

The estimated direct loss in revenue from the proposed reduction of retailers' excise taxes is as follows:

Furs	\$20,000,000
Jewelry	100,000,000
Luggage	40,000,000
Toilet preparations	55,000,000
Total	215,000,000

The committee accepted these provisions of the House version of the bill. From evidence produced at the House hearings and also from the statements filed with our committee, it appeared that the present rates are too high, have created unhealthy business conditions, and are causing sales resistance. The pressure of doing business under such high rates has apparently resulted in cut-throat competition, dumping of merchandise, and distress sales. In the case of some items, such as furs, revenue collections, even with the high rates, are below those of previous years. Testimony and statistics indicate that the high rates are retarding sales. It is believed that a reduction of the tax rates to 10 percent will have a stimulating effect upon sales. In my opinion, it is imperative at this time that such oppressive rates be brought down to a more reasonable level.

Turning to manufacturers' excise taxes, the committee also adopted the provisions of the House version of the bill which reduce the following taxes to 10 percent:

	Present rate	Reduced rate	Loss in revenue
Mechanical pencils, pens, and lighters	15	10	\$4
Electric light bulbs and tubes	20	10	20
Cameras, lenses, and films	20	10	15
Sporting goods	15	10	3
Pistols and revolvers	11	10	(1)
Firearms, shells, and cartridges	11	10	1
Total loss in revenue from manufacturers' excises under House bill which were accepted by the Senate Finance Committee			43

<sup>1</sup> Negligible.

In addition to the House reductions in manufacturers' excise taxes, the committee also added a provision to the effect that the tax on cutting oils shall not exceed 10 percent of the price for which they are sold. Cutting oils are defined to mean oils used primarily in cutting and machinery operations on metals and known commercially as cutting oils.

Under existing law, cutting oils are taxed at 6 cents a gallon, which is much higher than 10 percent of the manufacturers' price.

The tax on matches was also reduced by the committee. Under present law, the tax on matches is 2 cents a thousand matches. This amounts, in many cases, to more than 10 percent of the manufacturer's price.

The Senate Finance Committee action increased the loss borne by the manufacturers' excise tax group by \$5 million, of which \$1 million came from the cutting-oil reduction and \$4 million from the match tax reduction. However, the changes made by the Finance Committee in this respect are in line with the policy of the House in bringing excise rates down to the 10 percent level. The total loss from the manufacturers' excise taxes, with the Senate committee amendments, amounts to \$48 million.

In the field of miscellaneous excise taxes the bill as passed by the House made the following changes, which were approved by the Senate Finance Committee:

The tax on long-distance telephone calls was reduced from 25 to 10 percent and the tax on telegrams, and so forth, from 15 to 10 percent, amounting to a loss of \$235 million; the tax on local telephone calls was reduced from 15 percent to 10 percent, amounting to a loss of \$125 million; and the tax on transportation of persons, including railroad and bus tickets, was reduced from 15 to 10 percent, representing a loss of \$95 million.

The House also reduced the tax on safe deposit boxes from 15 to 10 percent. The Finance Committee did not believe it desirable to reduce the tax on safe deposit boxes at this time, and therefore continued in effect the existing rate of 20 percent. This resulted in a tax saving over the House provision of \$5 million.

In addition, the bill as passed by the House reduced the tax on club dues and initiation fees from 20 to 10 percent. The Finance Committee bill continues the 20 percent tax on club dues and initiation fees, thus saving an additional \$19 million in revenue from that source over the House version of the bill.

In the admissions tax field the House reduced the tax on general admissions from 20 percent to 10 percent. This would result in a revenue loss of \$152 million.

The Finance Committee made certain amendments to the House version, increasing the revenue loss from admissions by an additional \$65 million, resulting in a total loss, over existing law, of \$217 million.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question of fact?

Mr. MILLIKIN. Yes, I yield; but I should like to complete my statement.

Mr. DOUGLAS. Did I understand correctly the Senator from Colorado to say that the so-called movie admission tax, where the admission is less than 60 cents, has been eliminated?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. The House reduced the tax from 20 to 10 percent, and the Senate committee has entirely eliminated the tax?

Mr. MILLIKIN. The committee has eliminated the tax where the admission is 60 cents or less. The tax on certain

other admissions has also been eliminated.

Because it was not possible at this time to provide reductions in the case of many excise-tax rates, your committee did not deem it wise to reduce the tax on admissions to horse and dog races. Accordingly, under the Finance Committee version of the bill, the rate of tax on admission to horse and dog races continues at 20 percent. This action results in a saving, over the House version of the bill, of approximately \$6 million.

However, the Senate Finance Committee made four other amendments to the House version with respect to the admissions tax, which results in increasing the loss of revenue from the tax. These are:

First. Exempting admissions of 60 cents or less, at an additional cost of \$65 million.

Second. Exempting admissions to college athletic events between educational institutions, held during the regular athletic season, if the proceeds therefrom inure exclusively to the benefit of such institutions—at an additional cost of \$6 million.

Third. Exempting admissions to museums of history, art, and science, operated by a governmental unit or nonprofit organization, if no part of the net earnings inure to the benefit of any private shareholder or individual.

The Finance Committee also made a clarifying amendment exempting admissions to athletic events between students of several elementary or secondary schools, when the proceeds inure to the benefit of a hospital for crippled children. The exemption in the existing law has been construed to apply only to such admissions when the event is between two elementary or secondary schools. Frequently, we were told, the teams are composed of students of two or more schools chosen from schools in different States. Your committee bill makes it clear that the exemption will apply in such cases.

The action by the committee in granting an exemption of 60 cents or less from the admissions tax was due in a large measure to the present plight of motion-picture theaters, particularly in the small towns where many of the theaters are being forced to close, due to declining attendance.

This industry has been hard hit through the introduction of television. Furthermore, motion-picture theaters by their very nature are not adaptable to other businesses; and usually when a theater closes, the equipment, buildings, and other property have to be disposed of at a heavy loss.

The admissions tax is also having a depressing effect upon other groups, such as swimming pools, skating rinks, and the like, where the burden of the tax, to a large extent, falls upon children paying admission. It is for this reason that the committee deems it advisable to provide a 60-cent exemption.

In regard to the exemption on admissions to college events, the colleges have been greatly handicapped through increased costs of athletic programs, and their overall athletic activities are conducted at a substantial loss. Your committee believes that an exemption from

admissions tax, in the case of admissions to college athletic events during the regular athletic season, would be of material aid to colleges, particularly small colleges. A similar exemption is granted under existing law in the case of elementary and secondary schools.

Mr. DOUGLAS. Mr. President, will the Senator from Colorado yield for a question of fact?

The PRESIDING OFFICER (Mr. PURCELL in the chair). Does the Senator from Colorado yield to the Senator from Illinois?

Mr. MILLIKIN. I yield.

Mr. DOUGLAS. Do I correctly infer that the so-called postseason games or the various varieties of so-called bowl games will be subject to tax?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. Then, I wish to commend the committee, because such games are fast becoming commercialized affairs.

Mr. MILLIKIN. The committee believes that the recommendation we made was the just and rightful thing to do.

Mr. DOUGLAS. Yes.

Mr. MILLIKIN. Mr. President, there are certain other changes made by your committee with respect to the admission tax. Relief is provided in the case of season tickets purchased before April 1, 1954. The reduced rate will apply where all the admissions under such tickets occur on or after that date.

Similar relief is provided in the case of railroad tickets which are to be used in their entirety on or after April 1, 1954.

A technical change was also made by your committee in the manner in which the admission tax is to be applied. The Senate Finance Committee amendment provides that the tax is to be 1 cent for each 10 cents or major fraction thereof. The House version of the bill provided that the tax was to be 1 cent for each 10 cents or fraction thereof. The Finance Committee amendment follows the method now prescribed in computing the existing 20-percent rate.

Your committee also approved the provision of the House version of the bill reducing the tax on cabarets from 20 to 10 percent, at a loss of \$23 million. Under the law, cabarets are defined to include any room in any hotel, restaurant, hall, or other public place where music and dancing privileges or any other entertainment, except instrumental or mechanical music alone, are afforded the patrons in connection with the serving or selling of food, refreshment, or merchandise. As a result, many rooms providing entertainment and meals in hotels and other places are classified as cabarets, and admissions thereto are subject to this special tax.

Testimony indicates that because of this tax, many supper dance rooms and other places in hotels providing for dancing and entertainment have been closed. Revenue receipts from this source have dropped from \$72 million in 1946 to an estimated \$48 million in 1954.

Your committee approved the provisions of the House version of the bill which extended for an additional year certain excise taxes which under existing law would have expired on April 1, 1954. These taxes are on distilled spirits, beer, wine, cigarettes, gasoline, and

diesel fuel, automobiles, motorcycles, trucks, buses, trailers, and automotive parts and accessories. If the rates now provided by law were not extended, the loss in revenue, due to this expiration, would amount to \$1,077,000,000.

Prompt action on this bill is necessary, since excise taxes cannot be made retroactive. To keep this revenue, the bill must be signed by the President prior to April 1, 1954—which, of course, indicates that we should have no unnecessary or undue delay in processing the bill.

Apart from fundamental changes in the bill, there are some administrative changes. The House version of the bill provided that the rate reductions should apply to payments made on or after April 1, 1954, in the case of a lease, installment sale, conditional sale, or a chattel mortgage entered into prior to April 1, 1954.

The Senate Finance Committee approves the House version on these items. Your committee has added an amendment which provides that an article is not to be considered as sold prior to April 1, 1954, unless possession or the right to possession of the article has passed before such date. This makes the reduced rates applicable in the case of what are called "lay aways," where possession passes on or after April 1, 1954.

Mr. DOUGLAS. Mr. President, will the Senator from Colorado yield at this point for a question of fact?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. What will the amendment do in the case of so-called floor stocks?

Mr. MILLIKIN. I shall discuss them later. This amendment simply relates to a case where, for instance, a woman goes into a dress shop or some other kind of shop and makes some sort of down-payment, and says to the clerk, "Please hold this dress for me for a month or so, and I will come in at that time and pay the rest of the price."

Mr. DOUGLAS. Let us consider, for instance, cameras which were manufactured by the camera companies and sold to camera shops, but the shops have not yet disposed of them to the ultimate consumers. I understand that the tax on future cameras is to be reduced. But what will happen in the case of cameras purchased by distributors prior to April 1, but not sold to consumers up to that time?

Mr. MILLIKIN. In such cases we do not recommend a change in the provisions of existing law.

Mr. DOUGLAS. What are they, please?

Mr. MILLIKIN. The existing law does not contain any floor-stock provision for that item.

Mr. DOUGLAS. In other words, retail shops which have purchased cameras under the old tax will not receive a rebate; is that correct?

Mr. MILLIKIN. The Ways and Means Committee considered that question and decided that it would not provide for that particular kind of layaway.

Mr. DOUGLAS. I do not wish to anticipate the Senator, but did the committee consider the fact that there will



be some dealers who will purchase cameras and other things after April 1, and will therefore not pay the excise tax, and for that reason will be able to undersell other dealers who bought the cameras prior to April 1, and paid the tax?

Mr. MILLIKIN. The committee considered that question.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I yield.

Mr. THYE. Does the merchant who sells at retail collect the tax, or does the wholesaler collect the tax?

Mr. MILLIKIN. Which tax is the Senator referring to?

Mr. THYE. All the various taxes referred to by the Senator from Illinois.

Mr. MILLIKIN. Some of the taxes are imposed at the manufacturer's level and some at the retail level, so we must know which tax we are discussing.

Mr. THYE. With respect to the taxes imposed at the retail level, what disposition is made of the inventories which may be in existence as of April 1?

Mr. MILLIKIN. I intend to deal with that question in a moment. If I do not completely answer the question in the Senator's mind, I wish he would please bring it up again.

Mr. THYE. I thank the Senator.

Mr. MILLIKIN. I have covered the subject of so-called layaways.

The existing law provided for a floor-stock refund to the manufacturer in the case of electric light bulbs. This was unchanged by the House bill. The amendment of the Finance Committee gives manufacturers 4 months instead of the present 3 months within which to file claim for refund. That was our handling of the electric-light-bulb situation. However, the dealer under the committee amendment is required to file his inventory with the manufacturer within 3 months after April 1, 1954. The Finance Committee approved the House provision allowing floor-stock refunds in the case of automobiles and trucks when a reduction of excise taxes takes effect. The reduction in these taxes will not take effect under the House bill as approved by the Senate committee until April 1, 1955.

The automobile manufacturers and dealers thought it would be a good idea to have assurance that when that reduction goes into effect they will have the kind of benefit described.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. DOUGLAS. Before the Senator leaves the question of floor stock refunds, I should like to ask him a question. Do I correctly understand that the only manufactured goods upon which floor stock refunds are granted are electric light bulbs and tubes? Am I correct in inferring from the statement of the eminent chairman of the committee that the only manufacturers' excise taxes which are refunded are in the case of electric light bulbs and tubes?

Mr. MILLIKIN. I have mentioned automobiles.

Mr. DOUGLAS. There is no reduction with respect to automobiles during the current year.

Mr. MILLIKIN. It will go into effect April 1, 1955.

Mr. DOUGLAS. In the case of sporting goods, I understand there are no floor stock refunds.

Mr. MILLIKIN. That is correct. The House Ways and Means Committee considered the question and decided that in the case of the smaller items, that is small in the sense of revenue return, the administrative problem is terrific.

Mr. DOUGLAS. There are no floor stock refunds on pistols or revolvers.

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. There are no floor stock refunds on firearm shells and cartridges.

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. Nor on cameras, lenses, or films.

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. Nor on matches.

Mr. MILLIKIN. That is correct.

Mr. DOUGLAS. Do I correctly understand that in the case of electric light bulbs and tubes there is a refund not only with respect to floor stocks in the hands of manufacturers, but also floor stocks in the hands of distributors?

Mr. MILLIKIN. It is a manufacturer's tax. The manufacturer distributes the goods and the distributee who has the electric light bulbs, we will say, makes a statement to the manufacturer calling for refunds. In turn, the manufacturer is given a certain period of time within which to bill the Government for his refund.

Mr. DOUGLAS. Will the Senator permit me to make a comment?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. If the committee withheld this privilege with respect to many manufactured goods because of the fact that the item was small, I should think that the same policy would apply in the case of electric light bulbs, because individually they are very minute.

Mr. MILLIKIN. The amount of taxes is substantial with respect to electric light bulbs.

Mr. DOUGLAS. The item is small.

Mr. MILLIKIN. The item is small, physically speaking, but it is not small in terms of revenue. I should add that the House Ways and Means Committee wished to make a thorough study of the entire subject of floor stock refunds before going into it too deeply. It is really a very complicated and difficult administrative question.

The Finance Committee bill loses \$958 million as compared with \$912 million under the House bill. This difference is directly attributable to the exemption for admissions of 60 cents or less.

The committee has added another amendment to the bill which does not affect the payment of taxes in any way but does have the effect of eliminating the unnecessary collection and subsequent refund of the 2 cents per gallon tax on gasoline substitutes. In the case of benzol, benzene, naphtha, or other liquids, not including gasoline, present law requires that this tax be paid by the producer and then if this liquid is

used, or sold for use, in farm tractors or other than for use in motor vehicles, motorboats, or airplanes, a refund or credit of the tax is provided. This unnecessary tax collecting and refunding is avoided under the amendment by providing for collecting the tax at the retail level in the case of such fuels when used for a motor vehicle, motorboat, or airplane and by not collecting a tax when they are used for other purposes.

In conclusion, I wish to point out that the bill grants excise tax relief from excise taxes both at the manufacturers' level and the retailers' level. The immediate concern has been to reduce high and oppressive rates. All of the articles upon which the taxes are reduced are competing with other products for the taxpayer's dollar. Articles which are taxed at higher rates than others are in an unfair competitive position. With the exception already noted, the bill attempts to alleviate this inequity by lowering the rates to a 10-percent level. The committee would have liked to have made reductions in excise tax rates which were at or below the 10-percent level. This was not possible because of the present state of the budget. As soon as the budget situation will permit, it is the intention of the committee to resurvey the entire excise tax system suggesting appropriate changes. Many of the excise taxes now in effect were imposed during World War II or at the outbreak of the Korean war and need to be completely overhauled or eliminated.

Mr. President, I ask unanimous consent that all the committee amendments be agreed to en bloc, with the understanding that any amendment can be reconsidered and opened for amendment at the request of any Senator.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

Under the heading, "Title I, Retailers' Excise Taxes," on page 2, line 9, after the word "section," to strike out "504" and insert "503."

On page 2, line 9, after the word "section," to strike out "505" and insert "504."

Under the heading "Title II, Taxes on Admissions and Dues," on page 3, line 9, after the word "section," to strike out "504" and insert "503."

On page 3, after line 9, to insert:  
"(e) Rate to apply to major fractions: Section 1700 (a) (1) (relating to rate of tax on single or season tickets and subscriptions) is hereby amended by striking out 'fraction' and inserting in lieu thereof 'major fraction'."

On page 3, after line 13, to insert:  
"(f) Exemption of admissions of 60 cents or less: Section 1700 (a) (1) (relating to rate of single or season tickets and subscriptions) is amended by striking out the second sentence thereof and inserting in lieu thereof the following: 'No tax shall be imposed under this paragraph on the amount paid for admission—'

"(A) if the amount paid for admission is 60 cents or less, or

"(B) in the case of a season ticket or subscription, if the amount which would be charged to the holder or subscriber for a single admission is 60 cents or less."

At the top of page 4, to insert:  
"(g) Admissions to certain race tracks.

"(1) Section 1700 (a) (relating to rate of tax on single or season tickets and subscriptions) is hereby amended by adding at the end thereof the following:

"(3) Certain race tracks: In lieu of the tax imposed under paragraph (1), a tax of 1 cent for each 5 cents or major fraction thereof of the amount paid for admission to any place (including admission by season ticket or subscription) if the principal amusement or recreation offered with respect to such admission is horse or dog racing at a race track. The tax imposed under this paragraph shall be paid by the person paying for such admission."

"(2) Section 1700 (b) (relating to rate of tax on permanent use or lease of boxes or seats) is hereby amended—

"(A) by striking out 'paragraph (1) of subsection (a)' and inserting in lieu thereof 'paragraph (1) or (3) of subsection (a)'; and

"(B) by inserting after 'percent' the following: '(20 percent if paragraph (3) of subsection (a) would otherwise apply)'."

"(3) Section 1700 (c) (relating to rate of tax on sales outside box office) is hereby amended—

"(A) by striking out 'paragraph (1) of subsection (a)' and inserting in lieu thereof 'paragraph (1) or (3) of subsection (a)'; and

"(B) by inserting after 'percent' the following: '(20 percent if paragraph (3) of subsection (a) would otherwise apply)'."

"(4) Section 1700 (e) (1) (relating to tax on cabarets, roof gardens, etc.) is hereby amended by adding at the end thereof the following: 'No tax shall be applicable under this paragraph on account of an amount paid for an admission with respect to which tax is imposed under subsection (a) (3).'"

On page 5, after line 11, to insert:

"(h) Certain athletic games for benefit of hospitals for crippled children: Section 1701 (a) (2) (relating to nonexempt admissions) is hereby amended by striking out 'between two elementary or secondary schools' and inserting in lieu thereof the following: 'between teams composed of students from elementary or secondary schools.'"

On page 5, after line 17, to insert:

"(i) Exemption of college athletic events: Section 1701 (a) (2) (relating to nonexempt admissions) is hereby amended by adding at the end thereof the following new sentence: 'Clauses (A) and (B) shall not apply in the case of any athletic event between educational institutions held during the regular athletic season for such event, if the proceeds therefrom inure exclusively to the benefit of such institutions.'"

At top of page 6 to insert:

"(j) Historic sites, museums, and planetariums: Section 1701 (e) (2) (relating to exemption from admissions tax of historic sites) is hereby amended to read as follows: "(2) Historic sites, museums, and planetariums: Any admission to an historic site, house, or shrine, to a museum of history, art, or science, to a planetarium, or to any exhibition in connection with any of the foregoing, operated—

"(A) by any State or political subdivision thereof or by the United States or any agency or instrumentality thereof—if the proceeds therefrom inure exclusively to the benefit of the State, political subdivision, United States, agency, or instrumentality, or

"(B) by any society or organization not organized for profit—if no part of the net earnings thereof inures to the benefit of any private stockholders or individual.

For the purposes of subparagraph (A), the term "State" includes Alaska, Hawaii, and the District of Columbia."

On page 7, line 2, after the word "Thereof", to strike out "10 percent" and insert "20 percent."

On page 7, line 5, after the word "thereof", to strike out "10 percent" and insert "20 percent."

On page 7, after line 7, to strike out:

"The amendments made by subsections (a) and (b) of section 201 shall apply with respect to amounts paid on or after April 1, 1954, for admissions on or after such date. The amendment made by subsection (c) of section 201 shall apply only with respect to periods after 10 ante meridian on April 1, 1954. The amendments made by section 202 shall apply only with respect to amounts paid on or after April 1, 1954."

And insert:

"Except as otherwise provided in this section, the amendments made by section 201 shall apply only with respect to amounts paid for admissions on or after April 1, 1954. The amendment made by subsection (a) of section 201 shall apply only with respect to amounts paid on or after April 1, 1954. The amendment made by subsection (c) of section 201 shall apply only with respect to periods after 10 ante meridian on April 1, 1954. The amendments made by section 201 shall apply, in the case of any season ticket or subscription, only if all the admissions under such ticket or subscription can occur only on or after April 1, 1954."

On page 9, after line 12, to insert:

"Sec. 304. Tax on matches.

"Section 3409 (a) (relating to manufacturers' excise tax on matches) is hereby amended by striking out '2 cents per 1,000 matches' and inserting in lieu thereof the following: '2 cents per 1,000 matches but not more than 10 percent of the price for which so sold.'"

On page 9, after line 18, to insert:

"Sec. 305. Cutting oils.

"Section 3413 (relating to tax on lubricating oils) is hereby amended—

"(a) by inserting after '6 cents a gallon' the following: '(except that, in the case of cutting oils, the tax shall not exceed 10 percent of the price for which so sold)'; and

"(b) by adding at the end of such section a new sentence as follows: 'For the purposes of this section, the term "cutting oils" means oils used primarily in cutting and machining operations on metals and known commercially as cutting oils.'"

On page 10, line 9, to change the section number from "304" to "306," and in line 10, after the word "section," strike out "505" and insert "504."

On page 11, line 15, after the word "section," strike out "504" and insert "503."

Under the heading "Title V—Miscellaneous Taxes," on page 12, after line 11, to strike out:

"Sec. 501. Tax on safe-deposit boxes.

"Section 1850 (a) (relating to tax on the use of safe deposit boxes) is hereby amended by striking out '20 percent' and inserting in lieu thereof '10 percent.'"

On page 12, line 16, to change the section number from "502" to "501," and in line 18, after the numeral "11," strike out "%" and insert "percent."

On page 12, line 20, to change the section number from "503" to "502," and in line 22, after the word "section," strike out "504" and insert "503."

On page 12, line 24, to change the section number from "504" to "503."

On page 13, line 13, after the word "amended," insert "(1)," and in line 17, after "10 percent," insert a semicolon and "(2) by striking out "prior to the expiration of 3 months after the rate reduction date" and inserting in lieu thereof the following: "prior to August 1, 1954, based upon a request for reimbursement submitted by such person to the manufacturer or producer of such article prior to July 1, 1954."

On page 14, line 6, to change the section number from "505" to "504"; in line 8, after the word "section," strike out "502" and insert "501"; in the same line, after the word "section" where it occurs the second time,

strike out "504" and insert "503"; and in line 14, after the numerals "1954," insert "For the purposes of the preceding sentence, an article shall not be considered sold before April 1, 1954, unless possession or right to possession passes to the purchaser before such date."

On page 15, line 2, after the word "of," strike out "the preceding sentence" and insert "this subsection."

On page 15, after line 4, to strike out:

"(b) The amendment made by section 501 shall apply only with respect to amounts paid on or after April 1, 1954."

On page 15, at the beginning of line 7, to change the subsection letter from "(c)" to "(b)"; in the same line, after the word "section," strike out "504" and insert "503"; after line 8, to strike out:

"(1) insofar as it affects the rate of the tax imposed by section 1700 (a) of the Internal Revenue Code, with respect to amounts paid on or after April 1, 1954, for admissions on or after such date."

And insert:

"(1) insofar as it affects the rate of the tax imposed by section 1700 (a) (1) of the Internal Revenue Code, with respect to amounts paid for admissions on or after April 1, 1954, but, in the case of any season ticket or subscription, only if all the admissions under such ticket or subscription can occur only on or after April 1, 1954."

On page 15, line 21, after the word "Code", strike out "and by section 1710 of such Code."

On page 16, line 14, after the word "paid", strike out "on and after April 1, 1954," and in line 16, after the word "after," strike out "such date" and insert "April 1, 1954."

On page 16, after line 16, insert:

"Sec. 505. Special credit or refund of transportation and admissions taxes.

"Notwithstanding any other provision of law, in any case in which tax has been collected prior to April 1, 1954, at the rate in effect prior to April 1, 1954, for or in connection with the transportation of persons which begins on or after April 1, 1954, or for admissions (referred to in section 201, other than subsections (c) and (g) thereof, of this act) on or after April 1, 1954, credit or refund (without interest) of the tax collected in excess of that applicable on or after such date shall be allowed to the person who collected the tax, but only to the extent that, prior to the time such transportation has begun or prior to the event to which the right to admission relates, he has repaid the amount of such excess to the person from whom he collected the tax, or has obtained the consent of such person to the allowance of the credit or refund. For the purpose of this act, transportation shall not be considered to have begun on or after April 1, 1954, if any part of the transportation paid for (or for which payment has been obligated) commenced before April 1, 1954."

On page 17, after line 11, to insert:

"Sec. 506. Special fuels.

"(a) Exemption from manufacturers' excise tax.

"(1) Amendment of section 3412 (c): Section 3412 (c) (2) (relating to manufacturers' excise tax on gasoline) is hereby amended to read as follows:

"(2) The term "gasoline" means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline)."

"(2) Credits and refunds: Except in the case of any liquid with respect to which tax was paid under section 3412 as in effect prior to the effective date of this section, clause (iii) of section 3443 (a) (3) (A) is hereby repealed, and clauses (iv), (v), (vi), and (vii) of section 3443 (a) (3) (A) are redesignated clauses (iii), (iv), (v), and (vi), respectively."



On page 18, after line 2, insert:

"(b) Imposition of retailers' excise tax: Section 2450 of the Internal Revenue Code is hereby amended to read as follows:

"Sec. 2450. Tax.

"(a) Diesel fuel: There is hereby imposed a tax of 2 cents a gallon upon any liquid (other than any product taxable under section 3412)—

"(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

"(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

"(b) Special motor fuels: There is hereby imposed a tax of 2 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 3412 or subsection (a) of this section)—

"(1) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or airplane for use as a fuel for the propulsion of such motor vehicle, motorboat, or airplane; or

"(2) used by any person as a fuel for the propulsion of a motor vehicle, motorboat, or airplane unless there was a taxable sale of such liquid under paragraph (1).

"(c) Rate reduction: On and after April 1, 1955, the taxes imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon."

On page 19, after line 6, insert:

"(c) Technical amendments.—

"(1) Credits and refunds: Section 2452 (a) (relating to credits and refunds) is hereby amended to read as follows:

"(a) Nontaxable use or sale by vendee: A credit against tax under this chapter, or a refund, may be allowed or made to a person in the amount of tax paid by him under this chapter with respect to his sale of any liquid to a vendee for use as fuel in a diesel-powered highway vehicle, or with respect to his sale of benzol, benzene, naphtha, liquefied petroleum gas, or any other liquid to a vendee for use as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if such person establishes, in accordance with regulations prescribed by the Secretary, that—

"(1) either—

"(A) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid; or

"(B) such liquid was used or was resold for use for any of the purposes, but subject to the conditions, provided in section 3451; and

"(2) such person has repaid or agreed to repay the amount of such tax to such vendee, or has obtained the consent of the vendee to the allowance of the credit or refund.

No interest shall be allowed with respect to any amount of tax credited or refunded under the provisions of this subsection."

On page 20, after line 9, to insert:

"(2) Tax-free sales: Section 2453 (relating to tax-free sales) is hereby amended by striking out 'as fuel in a diesel-powered highway vehicle' and inserting in lieu thereof 'covered by this chapter'."

On page 20, after line 13, insert:

"(3) Certain vessels: Chapter 20 (relating to special fuels) is hereby amended by adding at the end thereof the following new section:

"Sec. 2456. Exemption of special motor fuels used for certain vessels.

"The exemption from tax under chapter 29 provided in section 3451 shall also apply to the tax imposed under section 2450 (b)."

"(4) Clerical amendment: The heading of chapter 20 is hereby amended to read as follows:

#### "CHAPTER 20—SPECIAL FUELS"

"(d) Effective date: The amendments made by this section shall take effect on the 1st day of the 1st month which begins more than 10 days after the date of the enactment of this act. However, the tax imposed under section 2450 (b) shall not apply to any liquid which has been sold by a producer or importer prior to the effective date of this section and which is taxable under section 3412 (relating to gasoline tax) as in effect prior to the effective date of this section."

On page 21, after line 16, to strike out:

"(1) The last sentence of section 2450 (relating to tax on diesel fuel)."

On page 21, line 19, to change the subsection number from "(2)" to "(1)."

On page 21, line 21, to change the subsection number from "(3)" to "(2)."

On page 22, line 1, to renumber the subsection from "(4)" to "(3)."

On page 22, line 3, to change the subsection number from "(5)" to "(4)."

On page 22, line 5, to change the subsection number from "(6)" to "(5)."

On page 22, line 7, to change the subsection number from "(7)" to "(6)."

On page 22, line 9, to change the subsection number from "(8)" to "(7)."

On page 22, line 11, to change the subsection number from "(9)" to "(8)."

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BURKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	Mansfield
Anderson	Goldwater	Martin
Barrett	Gore	McCarran
Beall	Green	McCarthy
Bennett	Griswold	McClellan
Bricker	Hayden	Millikin
Burke	Hendrickson	Monroney
Bush	Hennings	Mundt
Butler, Md.	Hickenlooper	Neely
Butler, Nebr.	Hill	Pastore
Byrd	Hoey	Payne
Capehart	Holland	Potter
Carlson	Humphrey	Purtell
Case	Hunt	Robertson
Chavez	Ives	Russell
Clements	Jackson	Saltonstall
Cooper	Jenner	Schoeppel
Cordon	Johnson, Colo.	Smithers
Daniel	Johnson, Tex.	Smith, Maine
Dirksen	Kefauver	Smith, N. J.
Douglas	Kennedy	Stennis
Dworshak	Kerr	Symington
Eastland	Kilgore	Thye
Ellender	Kuchel	Upton
Ferguson	Langer	Watkins
Flanders	Lehman	Welker
Frear	Long	Wiley
Fulbright	Magnuson	Williams
George	Malone	Young

The PRESIDING OFFICER. A quorum is present.

The Chair recognizes the Senator from Illinois [Mr. DOUGLAS].

#### WELCOME TO LORD BARNBY OF THE BRITISH PARLIAMENT

Mr. CARLSON. Mr. President, I should like to advise the Senate that we are fortunate in having with us this afternoon a distinguished guest, Lord Barnby, a Member of the British Parliament, who is now in the Senate Chamber. I am sure we are happy to have him in our midst and to have the opportunity to greet him and to welcome him here.

[Applause, Senators rising.]

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6025) to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a non-profit institution, to use certain United States property in the city and county of Honolulu, Territory of Hawaii; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SHAFER, Mr. JOHNSON of California, Mr. DEVEREUX, Mr. BROOKS of Louisiana, and Mr. DURHAM were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5632) to provide for the conveyance of a portion of Camp Butner Military Reservation, N. C., to the State of North Carolina.

#### REDUCTION OF EXCISE TAXES

The Senate resumed the consideration of the bill (H. R. 8224) to reduce excise taxes, and for other purposes.

Mr. DOUGLAS. Mr. President, I think the administration is making a grave mistake by not adopting any excise-tax reductions as a part of its tax program. I believe the Republican leadership in Congress, which I differentiate from the administration, is also making a grave mistake in sponsoring an arbitrary excise-tax bill. The excuse which the administration makes for not approving any excise-tax reductions at all, but rather, to extend many rate increases scheduled for expiration, is that the Government needs the revenue. The same objection is being advanced by the Republican leadership to the proposals which a group of us will shortly present. But the objection of the administration would have come with better grace had it not already submitted a program to give an ultimate \$3 billion in tax relief to investors and businesses; and the objection of the present Senate leadership would have come with better grace had it not sponsored a series of reductions to the present bill which now amount to an estimated \$958 million.

Mr. President, let us consider the history of these excise taxes. In most cases, these excise taxes were enacted either during World War II or after the outbreak of the Korean war. Their purpose was to restrict sales of consumers' goods and to reduce purchasing power. The purpose, in other words, was to prevent consumers' dollars from going into these lines so that the money in the hands of consumers could be used to purchase war bonds rather than be used to compete for the materials and labor which otherwise would go into commodities that could be channeled into the production of munitions and war supplies.

I, of course, was not a Member of the Senate when the first of these excise taxes was passed, but I was in the Chamber when the second group, adapted to the Korean war, was enacted. I did not oppose them when they were proposed, because then the country faced inflationary dangers, and the materials and services going into consumers' goods were

needed for the war. Moreover, I wish to make it clear, from the very outset, that if we were now facing the same inflationary dangers we faced in time of war, and also in the post World War II period, I would be opposed to removing these taxes.

Excise taxes are a valuable anti-inflationary tool, as well as a device for dampening down or siphoning off the production of goods which use services and materials necessary for war or a defense effort. They help to raise revenue. They drain off excessive monetary purchasing power at a time when there are not enough goods to go around, at the prices charged, a situation which causes a bidding up of the price level.

As a matter of fact, as late as last September, in speeches which I delivered in my home State of Illinois, I said that I would resist attempts made to reduce taxes if business conditions remained substantially the same, because I felt there was need for large expenditures for defense, and I realized we could not reduce taxes without running into a large deficit. Even as the economy began to decline in October, November, and December of 1953, I refused to advocate tax reductions. But as the situation worsened, I became concerned about the cumulative effects of a recession and finally decided that at least moderate tax reductions must be made. This I felt necessary to help restore monetary purchasing power and to remove or reduce excise taxes on nonluxuries among hard goods to help to stabilize these industries.

I wish to make it clear that when there is full employment, or comparatively full employment, it is my judgment that the budget should be balanced or even show a surplus. Without wishing to attract undue attention, I may refer to the fact that in previous years, when there was substantially full employment, I have waged battles on the floor of the Senate to reduce expenditures, so that there might be a balanced budget. In that effort I incurred the opposition not only of Members on this side of the aisle, but also of a good many Members on the opposite side of the aisle.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LANGER. I wish to say that I do not know of any Senator who did a better job in trying to reduce expenditures and to bring about a balanced budget than did the distinguished senior Senator from Illinois. Time and time again, he stood upon the floor for hours, pleading for that cause. I congratulate him, and I congratulate also the people of Illinois upon having a Senator who would fight their battle and the battle of all the people of the country in the way the distinguished Senator from Illinois did.

Mr. DOUGLAS. I thank the Senator from North Dakota. The praise is undeserved, but is nonetheless pleasant.

Mr. President, when the workers of the country are employed and the industries of the Nation are operating at approximately full capacity, for the Government then to run a deficit means that the Government will be forced to

borrow from banks, and banks will create credit, because that is what the commercial banks do. The result will be an increase in the quantity of active money not compensated for by any corresponding increase in the quantity of goods, with the result that there will be an increase in the price level, or what is known as inflation.

So when things are going well, I believe the budget should be balanced. But the most important thing is to balance the economy. Now, in the development of modern thought, the Government has been given a responsibility for helping to balance the economy, not only in the minds and thoughts of men, but also by the legislation which was passed in 1946. That legislation is properly known as the Full Employment Act of 1946. It is not quite a Full Employment Act, but it does pledge the Government to maintain high levels of employment and production.

So, Mr. President, last September, when the goose seemed to be hanging high, I spoke throughout the northern area of my State, saying that we ought to resist efforts to reduce taxes so long as employment remained high. What then has happened in the meantime? What has happened, of course, has been a contraction in business and productive output, accompanied by a decline in employment. So there is no longer full employment, but a great deal of unemployment, and a very large amount of underemployment.

It is this change in circumstances which has compelled me to advocate excise-tax reductions. For the very reason that excise taxes are such an effective anti-inflationary tool in a period of full employment makes them a deadly enemy during a period of declining employment, such as we are now experiencing.

Artificial restrictions of this type accentuate a downward spiral, especially among the industries which bear the brunt of these taxes. For they help to choke off consumption at a time when it needs to be expanded.

I submit that the danger now is not inflation, but recession, or, if a softer word is preferred, contraction or readjustment which, if it "rolls," rolls downward.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. A moment ago I sent to the reading room for this morning's issue of the Washington Post and Times-Herald. On page 25 the economist for that publication, Mr. Livingston, under his byline "Business Outlook," has this to say:

Economists take a new look: "Recession" is the word for it.

This is what the writer of the article thinks:

Attitudes are changing. The other day seven economists appeared on a panel arranged by the American Trade Association economists. Three of them were off-the-record Government economists. The other four, not having high-level policymaking Congress-dealing bosses to worry about, were willing to be quoted.

It isn't giving secrets away to reveal that a majority of the panelists were not opti-

mistic about 1954. "Recession," a leper word 6 weeks ago, was used freely. Why the shift?

Mr. Livingston goes on to point out that the recession is here, and that, as I have mentioned on the floor many times in colloquy with the distinguished senior Senator from Illinois, it is not a word which we should be afraid to mention. It is much more brave, I may say, to face up to it.

What the Senator from Illinois is now doing is facing up to the realities of the economic situation in a mature, honest, objective manner. So I do not believe it is necessary any longer to apologize for using the word, or to use alternative words. I think it is pretty well established that a recession is upon us, and it would facilitate debate if we could agree upon that.

Mr. DOUGLAS. I thank the Senator from Minnesota, because when I followed the standard terminology of business depressions, namely, that they commonly go through the four phases of revival, prosperity, recession, and depression, I found that the leaders of the opposing party went up and down the country saying that I was an apostle of gloom and doom; that I was one of the Four Horsemen of the Apocalypse, spreading disaster over the Nation; indeed, speeches were made implying that I was a traitor to the United States.

I am ready to forget the past. I do not keep books. It is a very poor policy to keep books in politics, so I have forgotten all about those statements. I do not harbor the slightest resentment. But I say it is highly important to recognize the facts—and I shall come to them shortly—and to realize that there has been a serious contraction in production and employment, and that our tax policy should be tailored to meet the situation of today, and not the situation of 6 months ago.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. MANSFIELD. I was interested in the colloquy between the distinguished Senator from Illinois and the distinguished Senator from Minnesota. I take it that on the basis of congressional immunity, at least, it is safe to use the word "recession" in this Chamber, without being kicked in the face for so doing.

Mr. DOUGLAS. One cannot be prosecuted for treason for making these statements on the floor, but one can subject oneself to criticism from the columnists, which is perfectly proper; they have a right to criticize us. Members of the opposing party even had the right to go up and down the country, and denounce some of us as traitors, although I think it was in rather bad taste to do so.

I understand that if a Republican inadvertently uses the word "recession" he is hauled off to the bathroom to have his mouth washed out with soap.

Mr. President, I take the same position as did the eminent senior Senator from Georgia in the very moving speech which he made a few weeks ago on the floor of the Senate. If immediate and effective steps are not taken to counteract the present contraction, the country is likely to find itself in a really serious situation.



One of the great troubles about a recession is that it frequently breeds a depression, because in such a condition a chain reaction is started, just as in the case of a forest fire. The best lesson I ever had in business economics was when I was a boy and went up near the Canadian border to fight a forest fire. I fought it for a week. I learned how forest fires begin and how they grow.

A forest fire starts from a variety of causes and heats the immediate atmosphere. This hot air rises, which seems to be characteristic of all hot air. This creates a vacuum, into which cold air moves, which makes a wind, which fans the flames, which creates more hot air, which creates more wind, which creates more flames, which create more hot air, which creates a vacuum, and so forth. So, from a slight initial blaze ultimately a great conflagration may result.

From that lesson I learned that life is not merely a process of classical mechanics; it is not merely a matter of balance; but inherent in it are impetuous forces which, when once touched off, can sweep far and wide, and bring destruction, just as a forest fire can destroy a whole countryside.

In 1914 the First World War broke out. The pistol shot which was fired at Sarajevo seemed to be insignificant in itself, but it touched off a chain reaction of events and consequences which plunged the world into a widespread war, the full and terrible consequences of which we are not yet rid.

So it is in the field of business. Let workers be laid off, let them lose their purchasing power, or have their purchasing power diminished, and they decrease their purchases from retail stores. Those stores, not being able to sell as much, cut down their purchases from wholesalers and manufacturers. The stores, indeed, reduce their purchases in a greater ratio than their sales fall, because they wish to draw on their stocks. Factories, not being able to sell as many goods, lay off their workers, whose purchasing power is reduced. They buy less merchandise from stores. That is merely one of the cumulative forces which operate.

Another is the fact that if there is a slight decrease in the demand for consumers' goods, there will be a great decrease in the demand for capital goods.

I could trace other influences in terms of credit, the velocity of circulation of money, the price level and production which would show that those cumulative forces operate to destroy employment, production, and purchasing power.

So the great danger is that if we do nothing we allow the chain reaction to destroy our economy. Therefore, I submit it is not sound to imitate the ostrich and to stick one's head in the sand. The way to face difficulties is not to ignore them. That is not the way we try to treat disease. If a man has a severe cold, he does not disregard it, if he is wise. He goes to a doctor, so it will not develop into pneumonia, double pneumonia, or spinal meningitis.

I submit that those who are urging the ostrich policy upon us who are refusing to face facts, are the ones who would allow the American economy to go fur-

ther and further each day into the doldrums.

Mr. CARLSON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield for a question.

Mr. CARLSON. I wonder if the distinguished Senator from Illinois would permit a little optimism in the note of gloom he seems to be spreading?

Mr. DOUGLAS. Certainly, but I would suggest that if the Senator wishes to create optimism, let him spray it at the end of my speech, rather than play a flute obbligato on my main theme. Let me say, however, that my so-called gloom is not as deep as many Republicans picture it. I do not say we are in a depression. I do not even say we are going to have one. But I shall continue to do everything in my power to make certain that we do not have a depression by working for counterdeflation policies in an attempt to restore prosperity and check further economic decline.

Mr. CARLSON. Would the Senator object to my reading at this time a statement in regard to the personal incomes of the people of the United States?

Mr. DOUGLAS. Does the Senator mean the total income that is being maintained?

Mr. CARLSON. Yes. If the distinguished Senator would allow me to do so, I should like to read one sentence from the New York Times of March 21, 1954, at page 14:

Strong support for the economy was provided by the high level of personal income in January. Earnings during the month were at an annual rate of \$282.5 billion, according to the Department of Commerce. The January 1954 rate was \$2 billion above the January 1953 level.

I thought that would be interesting, in view of the discussion by the Senator of the subject of purchasing power.

Mr. DOUGLAS. They are very interesting figures, which I shall analyze in some days ahead, because they present some contradictions when compared with other figures. But I am glad to have any optimism which my friend, the genial Senator from Kansas, wishes to shed.

Mr. CARLSON. I was merely reading from the New York Times; it is not a statement of mine.

Mr. DOUGLAS. I shall read from other newspapers, too. Certainly not all is dark. But there are enough danger signals to indicate that we need positive action.

The longer we permit the cumulative effects of a growing recession to continue, the harder it will be to burrow out from under the damage and restore prosperity.

Not only should we consider the presently bad economic effects of excise taxes but we should also take into account the fact that they are grossly unfair. They are unfair to those industries which must put up with them while others do not. They are unfair to consumers who buy the products taxed while others do not. They are unfair to low and moderate income families which must pay the same tax as the wealthy.

That excise taxes are unfair to certain industries and consumers is obvious.

But let us consider how they bear hardest on low- and middle-income groups:

First. The worker who buys a car necessary for him to get to and from his job pays approximately the same tax as the wealthy person buying his son a pleasure car or a second car for his family. There is some qualification to that; it may be a different kind of car, but the statement is substantially true.

Second. Both pay the same amount of tax on a gallon of gasoline.

Third. Both pay the same amount of tax for a Toastmaster.

The same is true of radios and television sets and a whole host of other items. Perhaps the moderate-income person cannot afford expensive fur coats and jewelry, but he will want to buy home appliances and even automobiles, use telephones, and take train trips.

To my mind, a sound tax program at the present moment is one which will reduce restrictive excise taxes and increase purchasing power. I was glad to see that the House of Representatives overrode the administration and passed a bill cutting a lot of these excise taxes by a total of \$912 million. These taxes were originally designed to discourage purchases. I submit that instead of discouraging purchases, we now should encourage purchases.

The chief fault with the bill is its meat ax approach. Generally, the framers of the bill chopped taxes on luxuries like expensive furs and jewelry, but made no cuts in taxes on necessities and non-luxuries like refrigerators, ranges, and ironers. They not only failed to cut excise taxes on automobiles; they extended the increased rates.

I do not subscribe to a tax theory that encourages a woman to wear a mink coat, but taxes her if she does not toast her bread in an old oven, use an old icebox, and heat her flatiron in a kitchen range fired by wood or coal. I do not think we should break a woman's spirit, and then bow her back under a mink coat, all in the name of revenues. Three years ago I helped take the tax off her washing machine, and I believe it should now be lifted from these other household necessities.

According to the Republican leadership it is all right for a woman to wear a mink coat over her shoulders stooped with work and toil. But if she cooks on an electric range instead of an old woodstove, the Republican leadership says, "We will tax her."

Mr. MILLIKIN. Mr. President, does the Senator know the breakdown on furs used in this country? Does he not know that all furs are subject to the tax, and does he not know that most of the furs used are muskrat and rabbit, and not mink?

Mr. DOUGLAS. The rabbit is a favorite animal of the Republicans, because the Department of Agriculture has just published a pamphlet entitled "How To Cook Rabbit," so people will know how to do it. [Laughter.]

Mr. MILLIKIN. That is not so bad as some other pamphlets which have previously been published, such as the Love-life of a Watermelon. [Laughter.]

Mr. DOUGLAS. The only difficulty with the pamphlet on rabbits, which the

Republican Department of Agriculture has published, is that it does not tell us how to catch the rabbits.

Mr. MILLIKIN. There is no facility in Government that I know of, or the Senator from Illinois knows of, which tells a person how to catch a rabbit if he does not have the peculiar attainment necessary to do it.

Mr. DOUGLAS. If we do not enact a positive antideflating program, so many people will be chasing rabbits in the near future that they will have great difficulty in cooking rabbit à la king, according to the recipe.

Mr. MILLIKIN. That is a part of the Senator's gloom and doom theory, to which he would not permit even an interruption. He wants to wallow in gloom and doom.

Mr. DOUGLAS. Is the Senator an apostle of zoom and boom? [Laughter.]

Mr. MILLIKIN. I am about to hand the distinguished Senator a tear bottle into which he can weep—no; not a handkerchief; it takes a tear bottle. I shall supply the Senator from Illinois with one.

Mr. President, the Senator from Illinois has forgotten one of the great things said by a man I seldom quote: "There is nothing to fear but fear itself."

Mr. DOUGLAS. Mr. President, I am proposing a method which will remove fear and will wipe away the tears, not only from the eyes of United States manufacturers, but also from the eyes of United States housewives. If the Senator from Colorado, who does not like to be interrupted, will sit down and listen to me for a time, he will be able to understand me, and I think he will profit greatly.

Mr. MILLIKIN. I am listening. However, I point out that when the situation becomes such that persons who make purchases in fur shops, find them referred to as "expensive Democratic minks," that is too much for me to take.

Mr. DOUGLAS. I shall cover that point about minks in a moment.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield to me for a moment at this point?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. DOUGLAS. I yield, provided we do not lose the theme and I do not lose the floor.

Mr. HUMPHREY. The Senator from Illinois was worried about the population of rabbits. Certainly that is one thing Congress does not have to concern itself about. If we can be as sure of the multiplicity of jobs as we are of the multiplicity of rabbits, I think we shall have solved much of the present economic crisis.

I knew the Senator from Illinois would want that addition made to his statement, so it would be apparent that we do not intend to do any harm to the prolific capacity of rabbits.

Mr. MILLIKIN. Mr. President, I would not advocate birth control for rabbits. [Laughter.]

Mr. HUMPHREY. I am delighted to hear the Senator from Colorado make that statement.

Mr. DOUGLAS. Mr. President, the Republican leadership is saying "If the housewife desires to heat her bath water in an old tin tub on a woodburning range, she can do so freely." If she uses an electric water heater "we will tax it."

If she wants to wear a diamond ring, or costume jewelry on hands gnarled with work, the Republican leadership says that is all right.

But if she insists on having an electric dishwasher, a mixmaster, and a toaster, the Republican leadership says, "We will tax her." "We will make her toast the bread in the oven of an old coal stove, scrub her own dishes by hand, and use an old-fashioned egg beater, or by the eternal, we will tax the stuffing out of her."

"We will let her have some luxury goods," says the Republican leadership, "but if she wants anything that makes life easier and more worthwhile, any labor-saving devices and comforts we will tax the liver out of her."

Mr. MILLIKIN. Mr. President, will the Senator yield at this point for a question?

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. Who imposed these taxes? Were not they imposed during a Democratic administration?

Mr. DOUGLAS. I ask my dear friend, the Senator from Colorado, to wait a minute.

Mr. MILLIKIN. I shall not run away. [Laughter.]

Mr. DOUGLAS. They were imposed by a Democratic administration, in time of war, in order to raise the needed revenue and, as I have said, to discourage consumption. But we specifically provided that many of these taxes were to expire on April 1, 1954, rather than to be extended as the Republican leadership now proposes. It is the failure of the Republicans to carry out that pledge to let these tax increases expire which constitutes a breach of faith with the American people.

Mr. MILLIKIN. Since the Senator from Illinois speaks of a breach of faith, let me remind him of one of the reasons why we cannot wipe out all excise taxes—namely, that we inherited, among other things, \$80 billion of unpaid c. o. d.'s left by preceding Democratic administrations.

Mr. DOUGLAS. I have heard that before—

Mr. MILLIKIN. Yes, and the Senator from Illinois will hear it again.

Mr. DOUGLAS. The Republicans seem to be adding to the practice from time to time. At times those c. o. d.'s have been extremely valuable; they have enabled the Republicans to make cuts in appropriations without making reductions in expenditures.

Mr. MILLIKIN. They have enabled us to reduce governmental expenses and at the same time, I hope, to reduce taxes.

Mr. DOUGLAS. Mr. President, if the Senator from Colorado will content himself—

Mr. MILLIKIN. I am very content now.

Mr. DOUGLAS. Mr. President, the Republican leadership says, "A house-

wife can wear jewelry, if she wishes to; but we will make her get down on her knees to wax the floor and clean up the dirt, or we will put a tax on her."

Mr. President, I am afraid that the truth of the matter is that the Republican leadership is really thinking of a different group of women. They are not thinking of the women who do their own work and who, because of scanty incomes, are compelled to cook on wood or coal stoves, to heat their flat irons, and hang up the wash, scrub the floors, wash the dishes, and do all the household drudgery, deprived of the household appliances which, if prices were lower, they might buy to lighten their toil. The Republican leadership does not seem to be thinking of the women who, after a day of toil, put on their simple democratic cloth coats, to go out and buy their groceries.

No; instead, they seem to give their tax favors to the women with whom they are more personally acquainted, namely, those who have abundant domestic servants to take away the burden of toil and care; the group of women who, when they sally forth to the hairdresser, the tea party, or to expensive dinners, are clad either in mink or in even more expensive sables, the sale of which I am informed, has greatly increased here in Washington during the past 15 months—and I particularly call the attention of the Senator from Colorado to that point—whose fingers glisten with rare and costly gems. The latter group of women are to be favored by cutting by 10 percent the tax on the sables, the gems, and the jewelry; but there are to be no reductions on household appliances, to help the lower income groups or even the middle income groups.

Perhaps our friends of the Republican leadership console themselves in this, as in so many other fields, by repeating the trickle-down theory, namely, that the lower income and middle income groups will be given the slightly worn sables or cast-off jewelry of the beneficiaries of the Republican tax bill, and hence will ultimately be benefited. Of course, this seldom, if ever, happens; the jewels never trickle down, nor do the sables. They may circulate on the upper income levels, but they never penetrate the lower income or middle-income depths.

If my good friend and skilled grammarian, the Senator from Colorado, will forgive me for a slight lapse in accuracy in referring to one of the sexes, I shall say that the Republicans seem, indeed, to be gilding the lily which toils not; neither doth she spin.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield for a question.

Mr. MILLIKIN. I will forgive the Senator from Illinois for almost anything except for calling me a grammarian. [Laughter.]

Mr. DOUGLAS. Well, Mr. President, as no doubt the Senator from Colorado recalls, Robert Browning once wrote a poem entitled "A Grammarian's Funeral"—

Mr. MILLIKIN. Yes; and I do not like that, either. [Laughter.]



Mr. DOUGLAS. Of course, we do not wish anything like that to happen to the Senator from Colorado.

Mr. President, to balance the House program on excise taxes, a group of us will submit an amendment which will—

First. Permit the scheduled cut in excise taxes on automobiles to go into effect on April 1. This will cut the rate from 10 percent to 7 percent, and should save a person about \$50 in buying a new car.

Second. Eliminate the 10-percent tax on household appliances, such as refrigerators, ranges, ironers, driers, toasters, and so forth. This should save about \$25 on the price of a new refrigerator, range, or clothes drier, and proportionate amounts on other appliances.

Third. Reduce to 5 percent the 10-percent tax on radios, phonographs, and television sets. The revenue costs of these amendments would be approximately as follows:

1. Automobiles.....	\$275,000,000
2. Home appliances.....	150,000,000
3. Radio-TV sets.....	80,000,000
Total.....	505,000,000

This would make excise-tax relief about \$1.5 billion, but with these amendments it would be relief where it is truly needed.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield at this point?

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. For purposes of clarification, I think it would be well for us to receive from the Senator from Illinois a statement of the basis upon which he makes his estimate of revenue losses. I ask the question because the administration's figures on revenue are predicated upon a certain volume of national production and a certain volume of national gross products, and some of us have contested the validity of those figures. So I wonder upon what basis the Senator from Illinois makes his calculations.

Mr. DOUGLAS. I submit them from a pamphlet prepared by the staff of the Joint Committee on Internal Revenue Taxation. The pamphlet is entitled "Federal Excise Tax and Collection Data, March 1953"; and I refer to pages 27 and 28. Perhaps the pamphlet is a little too optimistic—or pessimistic, depending upon the viewpoint. It may overstate the amount which will actually be lost by tax reduction because there may be an overstatement of the quantities which would have been sold.

Mr. HUMPHREY. That is the point to which I wished to have the Senator allude. It seems to me that when we make estimates in a period such as the present, a declining economy period, the base on which revenues are supposed to be collected frequently loses its meaning.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. For example, an estimate of what the total excise-tax revenues will be, calculated on the basis of last year's sales, has no relevancy at all to what may be happening in connection with this year's sales.

Mr. DOUGLAS. Or very little relevancy.

Mr. HUMPHREY. Very little meaningful relevancy. For example, I think

it is fair to say that there has been a drop in the sales of automobiles. There is certainly a drop in the sales of what we call consumer items or appliances, such as those to which the Senator from Illinois is referring. It is on that basis that I draw his attention to the question of the amount of estimated revenue which he feels will be lost.

Mr. DOUGLAS. I will say that the loss will not be more than the figures cited, and in all probability less. These are maximum figures.

Mr. HUMPHREY. Is it not fair to say that if we can stimulate the sale of commodities by the removal of the excise taxes, we thereby stimulate production and income which, in turn, may yield revenue which will compensate for some of the loss which may result from a reduction in excise taxes?

Mr. DOUGLAS. Yes. That is an extremely important point to be considered in connection with the whole question of taxation. If we maintain existing rates of taxes, and if the economy, in the words of the Senator from Georgia [Mr. GEORGE] falls flat on its face, there will not be any income, or much income, upon which to collect taxes, and the deficit will be large. It may well be that a larger total amount of revenue would be obtained by diminishing the rates of taxes and thereby stimulating production and causing the cumulative forces to move upward. Our Republican friends think too much in terms of rates. They do not think in terms of the volume of production, employment, and income in the economy as a whole.

Mr. HUMPHREY. That is the point to which the junior Senator from Minnesota was referring. I think it must be kept uppermost in our minds as we discuss Federal revenues. When I had the privilege of examining the President's budget showing estimated expenditures and estimated revenues, it seemed to me that the base on which the rates would apply is so flexible and fluid in the present situation that it is very difficult to say that a certain number of dollars of revenue will be forthcoming, since the base seems to be slipping.

Mr. DOUGLAS. That is a very important point. The administration estimated that the deficit would be only \$3.3 billion for the current fiscal year, but that estimate was predicated on the level of business activity existing at the end of 1953—perhaps November 1953. I said at the time that if there should occur a decline in the level of activity during even the current fiscal year, the volume of excise tax collections would be less, and that current income tax payments would be less.

It is now my prediction that the actual revenue receipts for the current fiscal year will be very much less than those which the administration forecast and which it is still claiming; and also that the deficit will probably be much larger than what was anticipated.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. DOUGLAS. Certainly.

Mr. HUMPHREY. Is not the analysis the Senator is making, or the judgment he is expressing, based upon very solid ground, since the workweek is now

below 40 hours, whereas it was above that figure a year ago and when there is an estimated 4 million fully unemployed, and a large number of underemployed, to use the Senator's apt term? It is fair to point out that the greatest amount of revenue for the Government comes from the earned income tax schedule, and not from investment.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. With 4 million unemployed, with less than a 40-hour week, with loss of overtime, and with the withholding taxes, therefore, much less, it is perfectly obvious that the estimates used in the budget no longer are valid. Their validity as a solid base has at least been weakened.

Mr. DOUGLAS. I will say to the Senator that it is not as easy now to tell the current financial position of the Government as it was under the preceding administration, because under the preceding administration there was issued by the Treasury Department a daily financial statement which showed what the deficit or surplus was in the administrative budget, and which separated the accounts in the trust funds, under social security and elsewhere from this. Now, however, it is more difficult to find out the true situation, and it is not quite apparent what the deficit in the administrative budget is. Such analysis as I have made, however, leads me to believe that the deficit is larger at this time than was contemplated would now exist by the administration at the time it submitted its overall budget.

Mr. MILLIKIN rose.

Mr. HUMPHREY. Mr. President, will the Senator yield for a further question?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I ask the Senator if he intends to bring forth in his discussion the result of the findings of the Federal Reserve Board survey on consumer spending for durable commodities? I have in my hand a report of March 19 on consumer durables, that is, major household appliances. The Federal Reserve Board feels, as a result of the survey, that there will be fewer consumers making purchases this year. In other words, the conclusion is that fewer consumers plan to buy major household appliances this year than last year, with one exception. That one exception is washing machines. It was with respect to washing machines that the Senator from Illinois joined in the effort to remove the excise tax in prior legislation. So the one exception which the Federal Reserve Board points up, for which there is a steady demand, and with respect to which the plans of consumers for purchasing are as good as or better than was the case last year, is in the washing machine field. That is the one major appliance upon which there is no excise tax. It may be a coincidence, but it is a very fortunate coincidence, in this argument.

Mr. DOUGLAS. The Senator is entirely correct. The Senator from Illinois had intended to refer to that subject later in his speech, but iteration and reiteration help.

Does the Senator from Colorado wish me to yield to him?

Mr. MILLIKIN. I had almost forgotten what I intended to ask the Senator. I have been watching with interest the fingerprinting game between the Senator from Illinois and the Senator from Minnesota. What kind of game is it? Or is this a lodge which the rest of us can get into?

Mr. DOUGLAS. We will admit the Senator into the secret fellowship, with all the rights and privileges thereunto appertaining.

Mr. MILLIKIN. The secret fellowship of the fingerprinters? [Laughter.]

Mr. DOUGLAS. Yes.

Mr. MILLIKIN. The Senator from Illinois refers to the superiority of the recordkeeping of the preceding administration. I have no quarrel with that statement at all. Those records were very clear. They were so very clear that the people kicked the preceding administration out of office last November.

Mr. DOUGLAS. Does the Senator wish to express some opinions about the future?

Mr. HUMPHREY. Is the Senator from Colorado now a historian or a prophet? I think it would help a little to clarify that point.

Mr. MILLIKIN. If we can do this finger-pointing business properly, I shall be both; but I am not sure that I am yet completely initiated into it. But if I am asked to prognosticate—

Mr. DOUGLAS. That is too long a word. [Laughter.]

Mr. MILLIKIN. The preceding administration, with all its faults, stayed in office for 20 years, so I would prognosticate a similar result for the present administration, which has a much smaller degree of fault.

Mr. DOUGLAS. If I may continue, the home appliance industries with respect to which the 10 percent excise tax would be eliminated include electric, gas, or oil appliances such as the following—and I read this list not to weary Senators, but in order that we may understand what is involved: Refrigerators, cooking ranges and stoves, fans, water heaters, flatirons, air heaters, electric blankets, grills, toasters, broilers, mixers, juicers, food chopper and grinders, clothes dryers, dehumidifiers, dishwashers, floor polishers, waxers, ironers, mangles, garbage disposals, power lawn mowers—something every man likes to buy for his wife—and home freezers.

Most of these appliances are not only nonluxuries, but today they are absolute necessities. No household could possibly get by without a cooking range, a water heater, or a refrigerator. The mere fact that a person could use a coal or wood range, heat water in a tea kettle, and keep food in an old-fashioned icebox does not alter my premise. The great expansion of REA farm electrification makes my amendment also necessary to help lighten the toil of farm housewives as well as town and city housewives.

I waited until the last possible moment to announce what I intended to do in the way of offering these amendments. I waited until Sunday evening. I did so in order that consumer buying would not be stopped in anticipation of tax reduc-

tions for any longer period than absolutely necessary.

If we enact the reductions now, they will become operative on April 1, about a week from now. If we fail to enact them, but make vague promises, such as those being held out by the majority, that there will be tax reductions sometime in the future, somewhere over the rainbow, not in March, but in May, and if not in May, then next fall, and if not next fall, then next year, we may very well completely plug up the manufacturer-consumer pipeline by causing potential buyers to wait for tax cuts before they buy.

As a further safeguard against upsetting normal sales and distribution, all my amendments include a floor-stock refund provision. This means a tax refund on all items covered by the amendments upon which taxes have been paid but which have not been finally sold to the consumer. This floor-stock refund provision was included for three reasons:

First. We do not want distributors and dealers to stop their purchases in anticipation of tax reductions.

Second. We want price reductions to take effect immediately rather than having to wait until present inventories are sold.

Third. We wanted to eliminate competitive difficulties caused by some dealers selling inventory stock at higher prices while others, selling new stocks, could sell at lower prices.

Mr. President, I am especially pleased to be the one to offer these amendments. The industries which would profit by them are important segments in our economy, but I think I can say with some degree of certainty that, politically, I do not number them among my supporters. I can thus offer the amendments from the standpoint of public need rather than political obligation or the possibility of political support.

A more cynical person in my position might gaze with glee at the squirming Republicans in the excise-taxed industries who help abundantly to finance Republican election campaigns.

It is hardly any secret that the automobile manufacturing industry is an important source of money for the Grand Old Party. I believe all three of the giant automobile companies were very ardent supporters of the fine man who was later nominated by the Republicans for President, and I believe their financial aid continued during the campaign, as it was given during the pre-convention period. I believe it to be true that all the leaders of the so-called independent motorcar companies have been ardent practicing Republicans. I know of no Democrat in any leading position in the automobile industry.

Those gentlemen fulfill their rights as American citizens. They have a perfect right to support the Republican Party. We will defend to the death that right. However, it is worthwhile to point out that in the State of Michigan and in other States they have been and indeed are literally the backbone of the Republican Party. In fact, they and their affiliated dealers may be said to be the Republican Party in that State, and I

have heard it said that their influence sometimes reaches Washington.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Colorado.

Mr. MILLIKIN. Does not the Senator from Illinois think it strange that he should be supporting those Republicans who are trying to get excise-tax relief which the Republicans are unwilling to provide? I thank the Senator.

Mr. DOUGLAS. I am doing it without obligation for any favor received in the past, and without any hope of getting support in the future.

Mr. MILLIKIN. And without any hope for the Senator's amendments.

Mr. DOUGLAS. Not at all. Nor is it specially hush-hush that a lot of appliance manufacturers in my own State will fork over in abundance funds calculated to encourage my retirement from the Senate. All the big appliance manufacturers in my State, so far as I know, are ardent Republicans. The same thing is true of the radio and television manufacturers in my State, and they help to furnish a large part of the funds—the grease which lubricates the political machine of the Republican Party.

What are their white knights in the Republican Party doing for them? What are the white knights doing for the automobile industry, the appliance industry, and the radio and television industry? What are their noble and faithful crusaders doing? They are working in special-purpose excise taxes as an integral part of our revenue structure, playing havoc with the industries which furnish the main basis of their political support.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am delighted to yield to the Senator from Colorado.

Mr. MILLIKIN. The Senator is asking what the white knights are doing. They are proliferating like the rabbits, and they are taking into their fold the distinguished senior Senator from Illinois, who is pleading their cause.

Mr. DOUGLAS. I am referring to the political white knights.

Mr. MILLIKIN. I suspect that to be the case.

Mr. DOUGLAS. Mr. President, perhaps I am naive. The political sophisticate may say, "Look, the Republican leadership may be trying to up excise taxes but they are granting tremendous concessions on dividends and depreciation allowances. Remember that excise taxes are regressive which means that the upper-income manufacturers will pay less in taxes." I have thought of that. But the squirming will continue because what good are such concessions if a corporation or business goes into the red? What good are special tax privileges on dividends if there are no dividends? What good are concessions on investments for added plant capacity if half the present capacity lies idle?

I went over to the House of Representatives last week to watch the yeand-nay vote on the revenue bill. I saw 15 or 20 Representatives brought in at the last minute to vote in favor of the



proposal of the Republican leadership, or to change their votes, or to give live pairs. I could almost literally see the whip being cracked over them, and they did not like it one bit. They are some of the finest members of the Republican Party.

I know that my genial friend, the Senator from Colorado, and those who are associated with him are cracking the whip now over the backs of many of their colleagues, and that I will not be able to make many converts among them, but with a great many of them the trickle-down theory of prosperity has been severely shaken.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I gladly yield to the Senator from Colorado.

Mr. MILLIKIN. Will the Senator from Illinois please name one member of the Republican Party on whom I have cracked this Simon Legree whip? I should like to have him name one such member of the Republican Party.

Mr. DOUGLAS. I do not go into the Republican cloakrooms.

Mr. MILLIKIN. Then what does the Senator from Illinois know about it? He is talking about whip-cracking, which I know does not exist. However, I would be very glad to be informed, and I should like to know the name of one Republican who has been whip-cracked. I ask the Senator to name just one. Will he name just one?

Mr. DOUGLAS. May I say it would be a good subject for a congressional investigation.

Mr. MILLIKIN. Mr. President, I was foolish enough to allow myself to be diverted while the Senator from Illinois was shooting at me. Would the Senator mind repeating what he said?

Mr. DOUGLAS. I said it would be a good subject for a congressional investigation.

Mr. MILLIKIN. I believe we have enough of them at the present time.

Mr. DOUGLAS. I agree with the Senator from Colorado. All my amendments

would reduce excise taxes on durable goods. As the Senator from Minnesota [Mr. HUMPHREY] has stated, according to the Federal Reserve Board figures, the production of such goods dropped 19 percent below last year, or from an index of 148 in February of 1953 to 120 in February 1954.

These figures, bad enough in themselves, are even more drastic in the specific industries affected by my amendments.

Let us see how the situation in durable goods is affecting employment conditions.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table of major areas which have been declared to have a large labor surplus at the present time. They are areas which produce durable goods.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Labor market areas with labor surpluses, which produce consumer durable goods in significant amount (March 1954 classification)*

Area	Classification	Major consumer durable goods produced, and approximate ratio of their employment to total manufacturing employment in area <sup>1</sup>		Area	Classification	Major consumer durable goods produced, and approximate ratio of their employment to total manufacturing employment in area <sup>1</sup>	
		Consumer durable goods	Percent			Consumer durable goods	Percent
Arkansas: Little Rock.....	III	Clocks.....	15	New Jersey:			
Arizona: Phoenix.....	III	Refrigerators, radios.....	7	Camden. (See Philadelphia.)			
California:				Newark.....	III	Sewing machines, radios, tubes, automotive.....	7
Los Angeles.....	III	Automotive, radios.....	3	Perth Amboy.....	III	Radios, automotive.....	12
San Francisco.....	III	Automotive.....	5	Trenton.....	III	Automotive, appliances.....	13
San Bernardino-Riverside.....	III	Appliances.....	5	New York:			
Connecticut:				Buffalo.....	III	Radios, automotive.....	20
Stamford-Norwalk.....	III	Vacuum cleaners.....	13	New York City.....	III	Appliances, communication equipment, miscellaneous.....	7
Waterbury.....	III	Clocks and watches.....	13	Syracuse.....	III	Washing machines, typewriters, radios, automotive.....	25
Delaware: Wilmington.....	III	Automotive.....	6	Utica-Rome.....	III	Radios.....	9
Illinois: Rockford <sup>2</sup> .....	III	Gas stoves.....	5	Ohio:			
Indiana:				Akron.....	III	Rubber products.....	65
Evansville.....	III	Refrigerators, automobiles.....	45	Cincinnati.....	III	Radios, watches, automotive.....	15
Fort Wayne.....	III	Tires, radios.....	20	Cleveland.....	III	Automotive.....	15
Indianapolis.....	III	Radios, TV, automotive, tires, stoves, and heaters.....	30	Columbus.....	III	Refrigerators.....	2
South Bend.....	IV	Automotive, appliances.....	50	Toledo.....	IV	Automotive.....	35
Iowa: Des Moines.....	III	Tires.....	6	Pennsylvania:			
Maryland: Baltimore.....	III	Radios, communication equipment, automotive.....	12	Allentown-Bethlehem.....	III	Appliances, radios.....	3
Massachusetts:				Altoona.....	IV	Radios.....	5
Boston.....	III	Radios, automotive, clocks.....	15	Erie.....	III	Refrigerators, radios.....	25
Springfield-Holyoke.....	III	Tires, refrigerators, radios.....	20	Philadelphia.....	III	Radios, automotive.....	8
Worcester.....	III	Clocks.....	4	Pittsburgh.....	III	Automotive, radios.....	2
Michigan:				Reading.....	III	Stoves.....	2
Battle Creek.....	IV	Automotive.....	7	Seranton.....	IV	Radios.....	6
Detroit.....	IV	Automotive, refrigerators.....	70	York.....	III	Refrigerators.....	13
Kalamazoo.....	III	Automotive.....	10	Rhode Island: Providence.....	IV	Watches, jewelry.....	16
Lansing.....	III	do.....	90	Tennessee: Memphis.....	III	Automotive.....	6
Muskegon.....	IV	Automotive, refrigerators.....	25	Wisconsin:			
Saginaw.....	III	Automotive.....	60	Kenosha.....	IV	do.....	50
Minnesota: Minneapolis-St. Paul.....	III	Refrigerators, appliances, automotive.....	7	Milwaukee.....	IV	do.....	3
Missouri:							
Kansas City.....	III	Automotive.....	15				
St. Louis.....	III	Automotive, appliances, refrigerators, stoves.....	8				

<sup>1</sup> Listing includes only major labor market areas. Selection of industries and computation of ratios are not intended for publication.

<sup>2</sup> Note by PAUL H. DOUGLAS: There are many other labor-surplus areas in Illinois, but they are not primarily producers of consumer durable goods.

Mr. DOUGLAS. To be more specific, especially with respect to industries receiving no immediate relief under the bill, let us look at the decline in the Chicago area. Here there were 61 producers of electrical equipment which reported a drop in employment of almost 40 percent compared to 1953. This is shown in the following table—testimony of Mr. Glen McDaniel, president, Radio-Electronics-Television Manufacturers Association, before Senate Finance Committee on H. R. 8224, page 32 of the hearings:

	1953	1954	1954 as percent of 1953
January.....	33,529	20,066	59.8
February.....	33,049	20,793	62.9

Chicago is not exceptional, although it is the greatest manufacturing center in the radio-television set industry.

One of the best ways to relieve unemployment is to grant an immediate reduction in the excises on consumer

durable goods. This will do more to stimulate business and employment than the types of immediate reductions now contained in the bill.

More than 40 percent of total employment in the industries subject to excises is found in the consumer durable industries.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table which substantiates that statement.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Employment in industries subject to Federal excise tax<sup>1</sup>

	Average employment 4th quarter 1953 <sup>2</sup>	Percent of total
Industries receiving immediate relief under H. R. 8224, other than durable goods:	Thous-	
Telephone	698.6	-----
Telegraph	47.6	-----
Interstate railroads <sup>3</sup>	116.7	-----
Bus lines, except local	51.8	-----
Air transportation	104.7	-----
Motion pictures	227.9	-----
Fur goods	9.3	-----
Soap, cleaning and polishing preparations	49.4	-----
Miscellaneous chemicals	90.8	-----
Luggage	18.3	-----
Handbags and small leather goods	30.0	-----
Jewelry, silverware, and plated ware	59.2	-----
Costume jewelry, buttons, and notions	70.0	-----
Total employment, non-durables receiving relief	1,574.3	40.4
Durables receiving no immediate relief under H. R. 8224:		
Tires and inner tubes	109.0	-----
Heating apparatus (except electric) and plumbers' supplies	145.5	-----
Office and store machines and devices	112.9	-----
Service: Industry and household machines	191.2	-----
Electrical appliances	70.5	-----
Communication equipment (electronic)	525.9	-----
Automobiles	887.7	-----
Watches and clocks	46.4	-----
Musical instruments and parts	18.1	-----
Total employment, durables not receiving immediate relief	2,107.2	54.0
Durables receiving immediate relief under H. R. 8224:		
Electric lamps	28.3	-----
Photographic apparatus	71.0	-----
Toys and sporting goods	86.4	-----
Pens, pencils, and other office supplies	33.5	-----
Total employment, durables receiving relief	219.2	5.6
Total employment, industries subject to Federal excise	3,900.7	100.0

<sup>1</sup> Excludes liquor, tobacco, and gasoline industries.

<sup>2</sup> Derived from U. S. Department of Labor, Bureau of Labor Statistics, Employment and Payrolls. (Industry groups included are based on standard industry classification.) Prepared by Radio-Electronics-Television Manufacturers Association, Senate hearings on H. R. 8224, p. 50.

<sup>3</sup> Based on portion of total operating revenue received for passenger transport. Excludes an estimated 1,239,000 employed in property transport.

Let us take these up group by group.

#### HOUSEHOLD APPLIANCES

In the first excise-tax reduction program in 20 years, articles essential to the American home have been excluded and given no consideration. They are thus treated by this bill the same as narcotics, gambling, pinball machines, and other articles taxed for regulatory or punitive purposes.

Yet, Federal Reserve figures show that the household-appliance industries are in a bad situation. Output between February 1953 and February 1954 has fallen 30 percent, or from an index of 150 to 105. The Federal Reserve Board also reported on March 18 the results of its periodic findings on consumer spending plans conducted by the survey center of the University of Michigan. It found that fewer consumers plan to buy major

household appliances this year than last year. But here is something interesting. The survey also found that consumer plans to buy washing machines "appeared to be well maintained."

There is no excise tax on washing machines.

Let us look at what has happened in some of these specific industries:

#### COOKING AND HEATING APPLIANCES

Shipments for January-February 1954 compared with the same period a year ago, were down 8.7 percent for gas-fired water heaters, 13.5 percent for electric water heaters, and 15 percent for cooking appliances.

On February 28, 1954, factory employment in those specific industries was down 16 percent below the like period of a year ago—Institute of Cooking and Heating Appliance Manufacturers.

I would be willing to wager that man-hours are being reduced still more.

The production of gas ranges is down 30 percent below a year ago, while inventories have increased 65 percent over the same period. Shipments of electric ranges are off 11 percent and shipments of gas ranges are down 20 percent.

This industry is made up primarily of small-business concerns employing less than 500 persons. It operates in 38 States and has approximately 100,000 factory employees. The only States not having one or more companies in this industry are Nevada, Wyoming, North Dakota, South Dakota, Oklahoma, New Hampshire, Mississippi, South Carolina, Idaho, and Utah. All other States have this industry. The level of business activity in the industry affects a broad segment of the American economy since its products are sold through an estimated 5,000 wholesalers and perhaps 100,000 retailers.

I do not have a complete list of all the companies in this industry, but I have had a representative list of 70 companies compiled along with the 19 States where these are located. This is half the total number of States having such companies.

I ask unanimous consent that a table be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

#### PRODUCERS OF TAXABLE RANGES COVERED BY THE REPORT ON BUSINESS TRENDS RELEASED BY THE INSTITUTE OF COOKING AND HEATING

Alabama: A. & J. Manufacturing Co., Jacobs Manufacturing Co., King Stove & Range Manufacturing Co., Martin Stamping & Stove Co.

California: O'Keefe & Merritt Co., Spark Stove Co., Rheem Manufacturing Co., Western-Holly Appliance Co.

Georgia: Atlanta Stove Works.

Illinois: Auto Stove Works; Cribben & Sexton; Crown Stove Works; Eagle Range & Manufacturing Co.; Florence Stove Co.; Karr Range Co.; Conlon-Moore Corp.; Makomb Steel Products Co.; Mt. Vernon Furnace & Manufacturing Co.; Norge Division, Borg-Warner Corp.; Oakland Foundry Co.; Premier Stove Co.; Quincy Stove Manufacturing Co.; George D. Roper Corp.; Siegler Enamel Range Corp.

Indiana: Glove American Corp., Magic Chef, Inc.

Iowa: Silent Sioux Oil Burner Corp.

Kansas: Coleman Co., Inc.

Kentucky: Murray Division, Tappan Stove Co.; Stiglitz Corp.

Maine: Portland Foundry Co.

Maryland: H. C. Weiskittel Co., Inc.

Massachusetts: Boston Stove Foundry Co.;

Florence Stove Co.; Glenwood Range Co.;

Johnson-Claffin Corp.

Michigan: Detroit-Michigan Stove Co.;

Duo-Therm Division, Motor Wheel Corp.;

Norge Division, Borg-Warner Corp.

Missouri: Magic Chef, Inc.; Majestic Manufacturing Co.

New York: Automatic Range Co.; J. B. Slatery and Bro.; Welbilt Stove Co.

Ohio: Magic Chef, Inc.; Newark Stove Co.;

Perfection Stove Co.; RCA-Estate Appliance Corp.;

Sunray Stove Co.; Tappan Stove Co.

Pennsylvania: Prizer Painter Stove Co.;

Floyd Wells Co.; Murray Corporation of America (Scranton); The Stove Works, Inc.;

Odin Stove Manufacturing Co.

Tennessee: Allen Products Corp.; Brown

Stove Works; Dixie Products, Inc.; Dortch

Stove Works; Florence Stove Co.; Gray and

Dudley Co.; Hardwick Stove Co.; Knox Stove

Works; Samuel Stamping & Enameling Co.;

Temco, Inc.; Tennessee Stove Works, United

States Stove Co.

Washington: Pacific Stove & Foundry Co.;

Washington Stove Works.

Wisconsin: A. J. Lindemann & Hoverson

Co.; Preway, Inc.

Total: 70 companies, 19 States.

Mr. DOUGLAS. Let us take another type of household goods, clothes ironers and driers.

Since the 10-percent excise tax went into effect on ironers in 1951, sales have dropped 42 percent.

In the 2-month period from January 1 to March 1 of this year drier inventories of distributors have increased 28 percent.

In the case of ironers, the situation is grave indeed.

At Mount Clemens, Mich., the Ironrite Co. which produces ironers is 100 percent shut down.

One Chicago concern with a capacity of 400 ironers per day is currently producing only 25 units per day.

Another plant located in Chicago has a capacity for 250 ironers per day. Actual production is now 25 ironers per day.

Another plant located in Algonquin, Ill., with a daily capacity of 625 ironer units is shut down completely.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a table.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

#### IDLE PLANT CAPACITY, IRONERS AND DRIERS

1. Ironer industry: Virtually 100 percent idle.

(a) Supporting data: Four manufacturers account for virtually entire ironer production:

Company	Gear to produce per day (units)	Now producing
A	250	25
B	425	0
C	625	0
D	400	90

2. Dryer industry: The dryer industry is currently operating at an estimated 45 percent of capacity.

Source: American Home Laundry Manufacturers' Association.



Mr. DOUGLAS. Mr. President, let us next consider refrigerators.

In the refrigerator and air conditioner industry the latest available employment figures show that between March and November 1953 employment fell by 18 percent—Bureau of Labor Statistics.

There is no question that the home appliance industry is hard hit and that restrictive excise taxes should be eliminated.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. If the distinguished Senator would be interested in taking another look at his figures, I think they will show that the ironer business is expanding rather rapidly, whereas the decline has been in the dryer business. Both carry taxes. The opposite results seem to indicate that perhaps the tax does not have the weight which the Senator attributes to it.

Mr. DOUGLAS. Did I correctly understand the Senator to say that the ironer industry is expanding?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. Figures produced by the Home Laundry Manufacturers Association show the opposite. They show that two factories have closed down and two other factories are operating at 10 and 22½ percent of capacity. The figures come from sources which should know most about the situation.

Mr. MILLIKIN. I am not prepared to say that some particular company is not experiencing a reduction in its business; but my impression is that the ironer business is increasing rapidly, whereas the dryer business has suffered a fall, while other businesses under tax, in some instances a higher tax, are enjoying an increase.

Mr. DOUGLAS. We have checked our figures very carefully. I wish the Senator from Colorado would check his figures so that the RECORD tomorrow will show the correct version.

Mr. President, let us now take up a second group, the radio and television industry. According to the figures of the Department of Commerce, the production of television sets is down 42 percent, as shown by the following figures—

Mr. BUSH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. What is the television figure?

Mr. DOUGLAS. The television-set figure I have shows that in February 1953, 730,600 units were produced, whereas in February 1954, 430,000 units were produced, indicating a drop of 300,600 sets, or 42 percent. I have here the Department of Commerce Survey of Current Business for March, page 34, and if the Senator will turn to the second column he will find that in February 1953, the figures were 730,597. The latest figure is 420,571 for January.

I am informed, however, that there was an increase from January to February of approximately 10,000 units, and that the correct figure for February is approximately 430,000 units, which would be a decrease of 42 percent.

Based on the January figures, the decrease would be greater. In the field of radio sets—

Mr. BUSH. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. My inquiry was not idle, because I had been informed by, I thought, a reliable source in the television business that January was the biggest month ever experienced in sales.

Mr. DOUGLAS. Will the Senator look at the figures, please?

Mr. BUSH. I certainly will.

Mr. DOUGLAS. I am speaking of production; it may be that the Senator from Connecticut has apparently been speaking of sales.

Mr. BUSH. I have been speaking of sales.

Mr. DOUGLAS. What I have been stating are production figures.

In the field of radio sets the Department of Commerce statistics show that in February 1953—and I hope the Senator from Connecticut will check these figures—1,192,000 units were produced.

My staff telephoned yesterday to get the figures for February 1954. The figure for February was 760,000 units produced—a drop of 432,000, or 36 percent.

Further evidence of the decline in the radio and television industry is evidenced by the swollen inventories, which are up from 40 to 60 percent, as may be seen from figures which I shall quote from material furnished by the Radio-Electronics-Television Manufacturers' Association, entitled "Dealer Purchases, Sales, and Inventories of Radio and Television Sets." According to this trade association, inventories at the end of the year 1952 amounted to 2,074,000; at the end of 1953, 2,930,000, or an increase of 41 percent.

In the case of television sets, the inventory at the end of 1952 was 1,211,000; at the end of 1953, 1,949,000; or an increase of 61 percent.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MILLIKIN. I have a memorandum which indicates that I said "ironers."

Mr. DOUGLAS. The Senator from Colorado did say "ironers."

Mr. MILLIKIN. Then I reverse myself. There has been an increase in dryers sold. In 1942, 58,000 units were sold at the manufacturing level, and through the year 1953 the sales have gone up steadily every year.

Mr. DOUGLAS. Is the Senator speaking of production or inventories?

Mr. MILLIKIN. I am speaking of production shipments. A glance at the figures which I have shows that the number has increased every year. I invite the Senator's attention to the fact that a dryer carries the same tax as does an ironer, the production of which has declined.

Mr. DOUGLAS. I invite the attention of the Senator from Colorado to the fact that dryer inventories among distributors increased 28 percent in only 2 months—during the 2 months from January 1 to March 1—indicating that although dryers may have been produced, they were not being sold in the same volume.

Mr. MILLIKIN. I am glad to accept the figure.

Mr. DOUGLAS. I also wish to submit, for inclusion in the RECORD at this point in my remarks, a table or a summary of employment reports, given by delegates to a radio-TV parts conference of the International Electrical Workers, CIO. I hasten to add that this is not the United Electrical Workers Union; it is the International Electrical Workers, CIO, headed by that great American, James B. Carey.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Summary of unemployment reports given by delegates to radio-TV parts conference board, International Electrical Workers, CIO, Belmont Plaza Hotel, New York, N. Y., Feb. 17, 1954

Local	Company	Normal complement	Layoffs	Remarks
101	Philco.....	8,000	1,000	No further layoffs anticipated until March 1954. Production schedule 15,000 sets per week, but subject to change at any time.
102				
103	RCA, Camden.....	6,481	None	Increased to 7,648 between January 1953 and January 1954. Component parts down to 450 from 1,200 as company shifted work to new plant in Findlay, Ohio. Other divisions increasing employment. Those presently on street awaiting recall have from 3 to 6 months seniority.
105	IRC, Philadelphia.....	1,500	900	Layoffs since November 1952. Lowest seniority in plant now 10 years. Layoffs due to high inventories and movement of some production to new plants in Asheville and Boone, N. C. Expect combined employment in new plants to be 1,000. Present outlook not good, but appears that 80 percent of complement of 600 assured work through April 1956.
106	RCA, Morristown.....	350	None	Expect neither increase nor decrease.
110	RCA, salaried, Camden.....			No problems.
112	Magnetic Winding.....	800	300	Approximately 100 already recalled. Expect additional callbacks.
118	Philadelphia Insulated Wire.....	230	80	Layoffs affecting 20-year seniority people.
272	Photowitch.....	1,000	700	Getting Government contracts and expect to recall people slowly.
274	Clifford Manufacturing.....	800	None	Have increased to 1,000 due to increase in Government contracts.
231	National Co.....	1,000	500	Layoffs since July 1953. Future outlook not entirely dark. Expect slow recall.
242	Clarostat.....	1,000	550	Layoffs began April 1953. Expectation is that force will be further reduced.

Summary of unemployment reports given by delegates to radio-TV parts conference board, International Electrical Workers, CIO, Belmont Plaza Hotel, New York, N. Y., Feb. 17, 1954—Continued

Local	Company	Normal complement	Layoffs	Remarks
511	Sylvania, Buffalo, N. Y.	2,200	800	Expect further reduction. Work being moved to other plants located at Batavia and Arcade, N. Y. No possibility of present workers moving to Batavia plant because of company agreement with local chamber of commerce restricting hiring to people within 7 miles of plant.
427	Philharmonic Radio & TV	200	50	Layoffs since November 1953. Working on color TV.
401	Westinghouse, Metuchen	2,300	None	Anticipating 2d shift operation with increased employment.
417	Bendix	300	160	Layoffs since April 1953 in electronic tube division. General equipment section of company beginning to lay off.
417	Video Products	225	150	Layoffs since April 1953.
419	Ward Leonard	1,100	150	Putting night shift on in machine shop that will put back 60 to 70 people.
420	Dumont	2,800	None	Conditions vary between 5 plants, but outlook generally favorable for increased employment.
436	General Instrument	1,500	1,200	Expect to be down to 200 ultimately. Work shifted to 3 plants belonging to company organized by IBEW. Other work taken away by competing Radio Condenser Corp. located in Wassau, Ill., and Camden, N. J. Latter plant organized by IBEW.
447	Federal Telephone & Radio	5,000	None	Some shifting of employees between operations of company. Government contracts thus far have stabilized employment and resulted in small increase in work force. Company has sufficient orders to keep present force working for next 2 years at present level of production.
463	Micamold	900	250	Additional 150 working 32 hours a week. Company opening new plant in north Virginia.
463	Leonard Electric	250	180	Have recalled 75.
463	American Measuring	275	245	Attempting to enter air-conditioning field to increase employment.
475	Hammarlund	500	100	Operations moved to Asheville, N. C. Company will take present personnel to southern plant if work for southern wages starting at 50 cents an hour.
513	RCA, Montreal	1,000	370	Layoffs since mid-December 1953. Moved TV and home appliance to Prescott, Ontario. Organized by IBEW and recording equipment and records to IUE-CIO plant in Smith Falls, Ontario. Expect to open tube operation by September 1954, employing 170 people, 75 percent women.
613	Erie Resistor	1,245	380	Work being moved to new plants in Holly Spring, Miss., and Trenton, Ontario, Canada. Expect to hire 300 to 600 in Holly Spring. Will not transfer employees because of company agreement with local chamber of commerce. Expect further layoffs in Erie.
701	Philco	1,300	500	Layoffs since summer 1953.
711	Alliance Manufacturing	200	200	Recalled 50 since first of year. Presently in negotiations.
716	Philco	250	250	Plant closed in February 1954.
771	RCA, Cincinnati	1,800	600	Layoffs since October 1953. Plant completely closed for 3 weeks in December. Callbacks January, February and anticipated in March to make 2-shift operation.
806	Huntingburg, Ind., GE	450	230	Layoffs throughout 1953.
905	GE, Tell City	1,784	59	Layoffs since November 1953. Also worked 4-day week in November and expect general 1-week layoffs in both February and March 1954.
1001	Mallory	3,000	600	Expect 150 callbacks in February. Some work shifted to new plant in Warsaw, N. Y.
1121	Warwick Manufacturing Co.	400	300	Layoffs since September 1953. Appears plant will be closed entirely. Production being moved to new plant in Zion, Ill.
Total		48,140	11,542	

Mr. DOUGLAS. Let us next consider automobiles. My office was in touch yesterday with the National Automobile Dealers Association, which stated that the average number of new passenger cars in dealers' hands on December 31, 1953, which is the latest figure to be available, was 83 percent higher than for the corresponding period in the previous year. The industry average was 11.4 automobiles on hand for each of the approximately 42,000 automobile distributors. This may be an understatement, because I read a recent telegram from the Governor of Michigan, which gave the total number of unsold automobiles in the hands of dealers, and possibly also on the floors of factories, not shipped out, appreciably higher than this figure.

I hope that sometime during the day I may receive a new telegram from the Governor of Michigan on this subject; and if and when it comes I hope I may have the privilege of inserting it in the RECORD at this point in my remarks, and I ask unanimous consent to do so.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MARCH 24, 1954.

The Honorable PAUL H. DOUGLAS,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR DOUGLAS: Supplementing our telephone conversation, let me offer you whatever support I may be able to give to your tax bill amendment which would reduce excise taxes on automobiles.

This is something which is very definitely needed by the people of Michigan, who are dependent on automobile sales for the maintenance of prosperity. Yet it appears that

Michigan's interest in this respect will get no support from Michigan's Senators. \* \* \*

Michigan's interest and the Nation's interest in this matter is identical, because it is estimated 1 person in every 7 has an interest in the automobile industry. Michigan presently has about 214,000 unemployed. This is equivalent to 7.7 percent of the State's total labor force. As of February 15, Detroit has 9.3 percent unemployment, Battle Creek 11.2 percent, Bay City and Benton Harbor about 8½ percent. Muskegon and the Upper Peninsula about 10 percent, and Port Huron 11 percent.

Taking into account the average family's size, more than 600,000 people, or about 10 percent of our population, are directly affected by unemployment.

Most of this unemployment is in the automobile industry, and is a reflection of reduced consumer demand and overstuffed dealer inventories. On March 1 new cars in the hands of dealers totaled more than 565,000 units, 20 percent more than a year ago. In January new car registrations were only 340,788 units, the lowest for any month since September 1952. February sales were about 400,000, and March promises only slight improvement.

The 1951 Revenue Act, as you know, provided for an automatic reduction in automobile excise taxes from 10 percent to 7 percent as of April 1, 1954. Your amendment would have the same effect, whereas the administration's policy which the Congress is now following would postpone this cut for a year.

The tax cuts which administration policy wishes to postpone would mean a reduction of nearly \$50 in the price of a new \$2,000 automobile. This would constitute a substantial sales stimulant badly needed under present circumstances.

Under such conditions, it seems utter folly for the Congress to reduce taxes on luxury items, such as cosmetics and jewelry, while denying any reduction in the high

taxes levied on products like automobiles, which constitute key factors in our economy.

Your effort to obtain a tax reduction on automobiles is a service to the people of Michigan. Please let me know if there is anything I can do to help.

G. MENNEN WILLIAMS,  
Governor of Michigan.

Mr. DOUGLAS. When we consider the production of automobiles, we find that during the week of March 6, 1954, production was down 14 percent below the comparable week of 1953. This information was derived from reports of the Department of Commerce.

Retail sales in February 1954 were 15 percent below February of 1953. This figure also comes from reports of the Department of Commerce.

The Automobile Manufacturers Association, in a letter to the Senate Committee on Finance, dated March 17, 1954, listed 6 excellent reasons for opposing the continued high excise-tax rates on cars.

First. They impede commerce by increasing the cost of moving goods and people.

Second. They are an increasing threat to production and employment in the motor vehicle industry and in supplying industries.

Third. They are taxes that affect lower-income groups relatively more than other income groups.

Fourth. They are discriminatory, since they are not imposed on competitive forms of transportation, or other goods which compete with motor vehicle sales, or on other productive equipment.



Fifth. They are unfair, as they place a relatively greater tax load on farmers, small-town people, and others who necessarily depend mainly or solely on automotive transportation.

Sixth. They are an extreme example of multiple taxation.

The letter went on to state:

The warnings that we gave your committee in our last appearance before it that these excises would seriously affect production, sales, and employment are now proving true. One of every seven persons normally employed in the United States earns his living from the production, distribution, service, or use of the passenger car, truck, and bus. The threat to employment is becoming manifest by the fact that several automotive cities, including Detroit, have already been declared distressed areas by the Government.

Important as it is to our economy, there is more at stake than simply the manufacturing and employment end of the automobile industry. There are also an estimated 42,000 dealers all over the United States who are finding themselves in dire straits with unsold automobiles piling up in their showrooms, warehouses, and vacant lots. These dealers are virtually all in the category of small business. They are substantial citizens in thousands of local communities. They are contributors to local causes, taxpayers, and constitute in many instances the backbone of local chambers of commerce and service clubs. They get no subsidies to help them in times of trouble. The least that can be done for them is to ease the artificial restrictions in the form of jacking up retail prices by high excise taxes.

Let us remember, too, that the automobile has not really been a luxury for many years. Street cars and buses may be adequate for some who live inside the large metropolitan centers, but for those who live on farms, in smaller communities, and on the outskirts of cities, either in or beyond the suburbs, there must be dependence on the family car in order to get to and from their jobs. In fact, with the wide diffusion of industry and the increasing separation of people from the place where they live to the place where they work, the automobile has become a necessity for the American workman. The wide ownership of automobiles saved this Nation from facing insurmountable transportation difficulties during World War II, and this wide ownership is a necessity in peacetime as well.

Mr. President, I ask permission to read the telegram which I had expected to receive from the Governor of Michigan.

DEAR SENATOR DOUGLAS: Supplementing our telephone conversation, let me offer you whatever support I may be able to give to your tax bill amendment which would reduce excise taxes on automobiles.

This is something which is very definitely needed by the people of Michigan, who are dependent on automobile sales for the maintenance of prosperity. Yet it appears that Michigan's interests in this respect will get no support from Michigan Senators.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. I should simply like to inquire if the telegram suggests to the Senator that what is good for General

Motors may be good for Governor Williams, of Michigan.

Mr. DOUGLAS. We have no grudge against General Motors, although General Motors has not treated the Democratic Party with much kindness. But we do not take out our grudges. If the prosperity of General Motors is parallel with the prosperity of the Nation, we are very glad to see General Motors prosper.

I read on from the telegram:

Michigan's interest and the Nation's interest in this matter is identical because it is estimated one person in every seven has an interest in the automobile industry. Michigan presently has about 214,000 unemployed.

This comes from the Governor of Michigan:

This is equivalent to 7.7 percent of the State's total labor force. As of February 15 Detroit has 9.3 percent unemployment, Battle Creek 11.2 percent, Bay City and Benton Harbor about 8½ percent. Muskegon and the Upper Peninsula about 10 percent and Port Huron 11 percent.

Let me now touch on a matter which vitally affects our southern friends. A large number of workers have come up from the South to work in Detroit, Chicago, and other industrial centers in the Midwest. When they were fired and laid off, in a large percentage of cases, they went back home and did not even try to claim unemployment benefits. I conversed with some Illinois manufacturers about it, and they said, "Don't worry about that. They are merely Southerners."

I wish to assert that those Southerners are American citizens, and that when they return home and have no current income to support them, the problem is not done away with; the problem is intensified in the South, which had the labor supply which permitted industry in the North and the East to expand. If such workers were included in the unemployment figures, there would be more than the 214,000 unemployed to whom Governor Williams refers.

The telegram continues:

Taking into account the average family's size, more than 600,000 people or about 10 percent of our population are directly affected by unemployment.

Most of this unemployment is in the automobile industry and is a reflection of reduced consumer demand and over-stuffed dealer inventories.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Colorado.

Mr. MILLIKIN. Will the Senator be good enough to give me his estimate of the percentage of unemployed at the present time among employables?

Mr. DOUGLAS. I would prefer to wait until we receive more detailed figures for February. The Census Bureau has stated that the number in February was 3.7 million. That does not include those temporarily laid off, who are said to have a job, even though they are out of work and receive no income. In January such workers amounted to 275,000. There now are probably 300,000 of such workers, and if they were included it would raise the total to 4 million unemployed.

Then there are those who are employed 1, 2, or 3 days a week, who are involuntarily on part time. It is difficult to say how many of those there would be in terms of equivalent full-time unemployed, but my estimate would be 800,000 more. For February there was therefore the equivalent of 4,800,000, or roughly 8 percent of the working force. That is a horseback estimate for the two items I have just referred to; but the other items are fairly solid.

I continue to read from the Governor's telegram:

On March 1—

His figures are later than mine—

new cars in the hands of dealers totaled more than 565,000 units, 20 percent more than a year ago. In January new-car registrations were only 340,788 units, the lowest for any month since September 1952. February sales were about 400,000, and March promises only slight improvement.

It is generally true that, with the premonition of spring, in March there is an impulse to take to the open road and buy a new car to satisfy the vagrant impulse.

The telegram continues:

The 1951 Revenue Act, as you know, provided for an automatic reduction in automobile excise taxes from 10 percent to 7 percent as of April 1, 1954. Your amendment would have the same effect, whereas the administration's policy, which the Congress is now following, would postpone this cut for a year.

The tax cuts which administration policy wishes to postpone would mean a reduction of nearly \$50 in the price of a new \$2,000 automobile.

That is about 3 percent on the manufacturer's price of \$1,500.

This would constitute a substantial sales stimulant badly needed under present circumstances. Under such conditions, it seems utter folly for the Congress to reduce taxes on luxury items such as cosmetics and jewelry while denying any reduction in the high taxes levied on products like automobiles which constitute key factors in our economy. Your effort to obtain a tax reduction on automobiles is a service to the people of Michigan. Please let me know if there is anything I can do to help.

G. MENNEN WILLIAMS,  
Governor of Michigan.

Mr. President, I hope I have made a convincing case for our amendments. It is true that they would add another half billion dollars in tax relief, and probably more, if the basic provision should also be put into effect. However, I submit it is truly applied where it will do the most good—for industries, for workers, for the housewife and in the name of commonsense.

We should remember that if we help these industries, we may well recoup more for the Government than we lose. Few taxes are collected from the unemployed and on the diminishing profits among these industries. Even fewer will be collected if we permit these declines to continue.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. BUSH. The Senator from Illinois has touched a very important phase of the problem. In all seriousness, I should like to ask him 1 or 2 questions. The

Senator's amendment would increase the deficit, so to speak, by another approximately \$500 million, would it not?

Mr. DOUGLAS. Slightly more.

Mr. BUSH. And the deficit under the committee bill would be—

Mr. DOUGLAS. Nine hundred and sixty million dollars.

Mr. BUSH. So is it not true that the total result would be a deficit of approximately \$1½ billion?

Mr. DOUGLAS. That is correct.

Mr. BUSH. Does the Senator believe that the Senate or the House should try to recapture the approximately \$1½ billion from appropriation bills which will come before them for consideration? In other words, should we cut the expenditure side of the budget to make up for the \$1½ billion deficit; or does the Senator think we should deliberately face a new deficit in the coming fiscal year, and approve one by law?

Mr. DOUGLAS. As the Senator knows, I have sought to eliminate waste in the Government.

Mr. BUSH. That is why I am interested in the observation of the Senator on this point. I have often admired the stand of the Senator from Illinois on such matters, and I look to him as one who is very much in favor of the elimination of waste, and also one who, among many on this side of the aisle, and many on the other—

Mr. DOUGLAS. Many on this side of the aisle, and some on the other.

Mr. BUSH. Who has been an advocate of sound money and sound fiscal policies. I think the Senator has rendered a great service. So I am asking my question in all seriousness, and not in facetiousness.

Mr. DOUGLAS. It seems to me that, with economic conditions worsening, we should concentrate on measures to stop business declines. Otherwise we might face a cumulatively decreasing production, employment, and a chain reaction which would spiral us into lower economic levels. That is the thing to be afraid of. We must protect and stabilize the economy. As a matter of fact, that is the conclusion of the Committee on Economic Development. The Committee may differ with me as to the precise timing, but its theme song is that the budget of the Federal Government should be used for stabilizing purposes, and that we should not try to balance the Federal budget each and every year. If we were to try to balance the Federal budget each and every year, we would be compelled now to increase the tax rates, because the volume of income on which taxes can be levied is diminishing.

Mr. BUSH. I think the Committee on Economic Development feels that in periods of high business activity, the budget should be in balance and, in fact, there should be a surplus.

Mr. DOUGLAS. I quite agree.

Mr. BUSH. In speaking of a deficit, the committee is speaking of times of low levels of business activity.

Mr. DOUGLAS. Yes, when a recession is in danger of turning into a depression.

Mr. BUSH. On that point I should have to check with the report of the Committee on Economic Development.

I am not disputing the recollection of the Senator from Illinois, but my recollection is somewhat different.

Mr. DOUGLAS. If we wait until a depression is upon us, it may be too late. The purpose should be to eliminate the word "depression," by eliminating the reality behind it, so that a business cycle will consist of only three phases, namely, revival, prosperity, and recession—but no depression. So I wish to eliminate the reality behind the word "depression."

Mr. BUSH. All of us agree that we do not want a depression; but I do not think there is any clear evidence that we are actually facing a depression, either.

In view of the sound background of the Senator from Illinois on these matters, it is somewhat surprising that he would actually recommend and work for a deficit in the budget this year.

Mr. DOUGLAS. My good friend, the Senator from Connecticut, once paid me the compliment—he was one of the few persons in the country who did—of reading a book of mine entitled "Economy in the National Government." The appendix of the book—which the publisher would not permit me to have printed in the front part—covered this very cyclical question; and I advocated that in time of full employment we should balance the budget.

Mr. BUSH. That is right.

Mr. DOUGLAS. I also advocated that when the economy was slightly below the full employment stage, we should balance the budget; but that in a time of pronounced recession, we should use the expansion of governmental purchasing power to offset the shrinkage in private purchasing power. That is something which our Republican friends never seem to get through their heads. They think the budget must be balanced each and every year, no matter how bad conditions may be. We Democrats say that the important thing is to maintain the stability of the economy.

Mr. BUSH. I would take issue with the statement the Senator from Illinois has made about the Republicans, because I notice that at the hearings the Secretary of the Treasury said that in the event of a depression, he would not be opposed to deficit financing.

Mr. DOUGLAS. It is a question of timing.

Mr. BUSH. Since the Senator from Illinois has referred to his own book—

Mr. DOUGLAS. I should not have referred to it.

Mr. BUSH. I think it very proper for the Senator from Illinois to refer to it. Since he has referred to it, let me point out that in the book he also says, if I correctly recall the statement, that if unemployment reaches 8 percent, deficit financing might be justified.

Mr. DOUGLAS. I point out that it is now about 8 percent.

Mr. BUSH. I thought the Senator from Illinois might be trying to find a few more unemployed so as to be able to arrive at the 8-percent figure.

Mr. DOUGLAS. No. Browning once said that a "man's reach should exceed his grasp," but I do not.

Mr. BUSH. It is very comforting to know that.

Mr. DOUGLAS. In this connection I may say that from time to time people refer to the condition which existed in February 1950, when there were 4.6 million unemployed. That condition was appreciably different, qualitatively, from the present condition because at that time there was a large pent-up demand for automobiles, television sets, radios, refrigerators, and other durable consumers' goods. There was no shortage in the demand; there was a large demand. As a matter of fact, it helped pull us out of the recession.

On the other hand, at present there is no such discernible source of strength in the economy. That is what differentiates the present period, qualitatively, from the preceding one.

Mr. President, I think the House version and Senate committee's version of the bill are completely out of balance in discriminating against housewives and nonluxury goods, in favor of luxuries, and favoring the upper-income groups, as contrasted with the lower-income groups. But I pay my respects to the Republicans in both the House and the Senate for recognizing the fallacy in Secretary Humphrey's tax program, in that it does not contain a recommendation for excise-tax reductions.

In this connection, I wish to pay tribute to Representative DAN REED. I do not know that he believes in the compensatory theory of governmental budgets, but in this case he "hit it right." We should have a reduction in excise taxes, in order to help stabilize the economy. In this respect, Representative DAN REED was superior to Secretary of the Treasury Humphrey.

We in Congress must exercise our independent judgment, as the lawmaking branch and as the elected representatives of the people, regardless of which party controls the administration.

If our amendments are adopted, we shall have a well-balanced excise-tax-reduction bill. I should like to see the ultimate elimination of virtually all these discriminatory, regressive excise taxes; but I agree that conditions do not warrant our going that far yet. There are those who assert that I paint gloomy pictures of our economic health. I have tried to be realistic, which is why I am joining in the submission of these amendments. Were I to feel as some Republicans say I do, believe me, Mr. President, I would move to junk all these excise taxes. However, I am not doing that.

I do not believe we have yet gotten into a depression. But, for heaven's sake, let us move wisely now, with moderate and reasoned policies, so as to avoid further declines. If we do not, we are headed for trouble.

Mr. President, I hope the Government of the United States will not be brought to book in economic matters in the way the governments of Neville Chamberlain and Stanley Baldwin were brought to book in international affairs. In the period from 1934 on, one crisis after another swept over Great Britain; and the actions which the British Cabinet took until Winston Churchill became Prime Minister in 1940, after the fall of



France, were well described as being "too little and too late"—always too little done, and always at too late a time.

I am afraid that the present administration, in postponing the desirable tax-reduction action from March to May or until next fall or until the following year, may have subjected itself to the judgment of being "too little and too late."

I think so much of our President that I hope he will not be placed in the category with Neville Chamberlain and Stanley Baldwin as an apostle of a policy which failed to meet the problems as they occurred.

In this connection, I ask the same question that the distinguished Senator from Georgia [Mr. GEORGE] asked some days ago: "Must we wait for the economy to fall flat on its face, before we act?"

Mr. President, I yield the floor.

Mr. MILLIKIN. Mr. President, beguiled as I always am by the remarks of the distinguished Senator from Illinois, let me say that I was especially affected by his description of the poor ladies on their knees, suffering, while the rich cover themselves with diamond tiaras and with blue mink or fox furs.

Mr. DOUGLAS. I said sables.

Mr. MILLIKIN. The only sable that is in the Senate is to be found on the sable-bedecked, black, funereal clothes of the distinguished Senator from Illinois, when he cloaks himself in gloom, and glooms so much that he would not even take an interruption for a note of optimism.

I say to the Senator from Illinois, "Dear Sir, please go back to your late leader." I am not a disciple of his, and I seldom quote him. But he did say one thing I shall quote:

There is nothing to fear but fear itself.

Mr. President, let us consider the poor people for whom the heart of the Senator from Illinois bleeds. The Senator from Illinois has told us, "They are not affected by reductions in the tax on jewelry. They are not affected by reductions in the tax on furs. This tax reduction bill is for the rich, for the carriage trade"

Mr. DOUGLAS. For the Cadillac trade.

Mr. MILLIKIN. Yes; the Senator from Illinois says, "This tax reduction bill is for the Cadillac trade, for the people who go into fancy shops and buy sable and mink and other expensive furs, and cover themselves to the elbows with diamond bracelets." Dear Senator, if that did not come out of your mouth I would call it sheer claptrap—and it is still claptrap, even though it comes out of your mouth.

The Senator should know that 75 percent of the purchases of jewelry go to ordinary people who buy costume jewelry, and not diamonds with which to bedeck themselves from their wrists to the elbows. Seventy-five percent of the fur business is of a similar nature. It consists of rabbits, muskrats, and so forth, not mink.

Mr. DOUGLAS. Not sable?

Mr. MILLIKIN. Not sable. The Senator wears the only sable I know of. He

is as gloomy as an old country funeral, with black sable waving from the top of the hearse, and mourners hired who croak, not so eloquently and so nicely as the Senator does, but they croak and lament. They are professional mourners.

Mr. DOUGLAS. The Senator from Colorado reminds me of a sophisticated rhetorician intoxicated by the exuberance of his own verbosity.

Mr. MILLIKIN. I cannot make suitable comment for the Record, but that puts me in bad shape, does it not?

Let us cut out the "bunk" about how this tax bill is for the benefit of the rich, and how it oppresses the poor. Seventy-five percent of the tax reduction on so-called luxuries helps the ordinary person who bedecks herself with costume jewelry, sometimes called "junk" jewelry.

Mr. DOUGLAS. But also with diamonds and other precious gems. Then what about the cabaret tax? Is it the poor folks who spend their money on such things?

Mr. MILLIKIN. The cabaret tax is not a den-of-sin tax.

Mr. DOUGLAS. I do not say it is a den-of-sin tax, but how many workingmen go to the Stork Club, the Twenty-one Club, and other such places, where gay blades like the Senator from Colorado are wont to congregate?

Mr. MILLIKIN. I appreciate the compliment relative to gaiety. The Senator from Illinois causes me to think very nostalgically.

The Senator talks about the Stork Club and other such places. His mind is preoccupied, for some strange reason, with the Stork Club and other fancy clubs where, I assume, curvaceous and attractive girls gather.

Mr. DOUGLAS. Let me say that I have never been in a night club in my life.

Mr. MILLIKIN. Nor have I for many, many years. However, the Senator's mind keeps going back to more youthful days, when, perhaps, he thought of those things. The Senator is thinking of expensive entertainment. I assume the Senator would not think about the drinks, but he would think about tipping and spending lavishly—paying out all kinds of money for entertainment.

Mr. DOUGLAS. For one who has never thought about these matters, the Senator from Colorado seems to have had his imagination very specifically developed.

Mr. MILLIKIN. The Senator from Illinois has stimulated my imagination. His mind is strangely preoccupied with elegant clubs like the Stork Club, and the Twenty-one Club—is that the right name?

Mr. DOUGLAS. The Twenty-one Club, according to Walter Winchell.

Mr. MILLIKIN. At any rate, that is what the Senator is thinking about. There bejeweled women congregate—I suppose. There is a very toothsome chorus line out in front—I suppose. They have acts of various types.

No, Senator; this tax hits the people who provide a little modest entertainment in an effort to keep their restaurants going. They are people, like everyone else. They have employees. They employ cooks, chefs, waiters, dishwash-

ers, and housekeepers. They have taxes to pay. They must pay interest at the bank.

Mr. DOUGLAS. In other words, the luxuries of the wealthy furnish the maintenance of the poor.

Mr. MILLIKIN. Perhaps. However, I do not believe in the trickle-down theory with which the Senator from Illinois also seems to be preoccupied. I believe in going both ways.

Mr. DOUGLAS. I would object to the trickle-down operation as compared with the percolate-up theory which is what we Democrats favor.

Mr. MILLIKIN. The distinguished Senator from Illinois has brought up a vision of sensual delights. It really has no place in connection with this bill, because the great amount of taxes paid on furs, jewelry, and cabaret admissions is paid by ordinary people to ordinary people, to serve some legitimate purpose. I merely wished to clear the air a little. Again I say that if such talk had not come from the distinguished Senator from Illinois, whom I respect and admire, I would call it demagoguery.

The Senator can see, now that my glass of milk has fallen from my desk, what I drink. It is milk. Let there be no implication that I might be tempted by the delights afforded by rich night clubs—delights which seem to intrigue the Senator so much.

A while ago I asked the distinguished Senator about our present unemployment situation. I knew that he would refer to a certain figure, namely, 8 percent. I will tell the Senate the reason why in just a moment. It is my understanding that at the present time, as of March, in 230 tested areas, there is 5.8 percent unemployment.

Mr. DOUGLAS. For March?

Mr. MILLIKIN. For March.

Mr. DOUGLAS. Those are new figures. When were they issued?

Mr. MILLIKIN. These figures were handed to me on March 24, 1954.

Mr. DOUGLAS. That is today.

Mr. MILLIKIN. That is today. The Senator cannot get any more recent figures than that. For February 1954, in 68 areas, the percentage is 5.3. For a sample of 230 areas, the figure is 5.8 percent. That is as of March 1954, and the authority is the Economic Indicator.

Mr. DOUGLAS. What is the total?

Mr. MILLIKIN. The total is 5.8 percent.

Mr. DOUGLAS. What is the absolute number?

Mr. MILLIKIN. I do not know the number.

Mr. DOUGLAS. If the February figure is 3.7 million, that is about 5.5 percent—

Mr. MILLIKIN. The old February figure was 5.3 percent, for a sample of 68 areas. The new figure is for 230 areas and is 5.8 percent.

Mr. DOUGLAS. That is an increase of one-half of 1 percent. The total, or over 300,000 more, would be the 4 million, plus those temporarily laid off, plus those working part time.

Mr. MILLIKIN. I am very much interested in the figure of four million-plus. I do not recall the Senator from

Illinois ever breaking his heart over a similar degree of unemployment in 1949. I heard his explanation as to why the situations were different. That was after World War II, the time when 90 economists—I do not remember offhand, but I intend to find out, whether the distinguished Senator included himself—came to Washington with their tear bottles. They wore funereal garb. This country was going to hell right away. The 90 economists were almost unanimous—was the Senator from Illinois among them?

Mr. DOUGLAS. No.

Mr. MILLIKIN. Thank goodness, the Senator from Illinois was not among them. Thus we may still credit a substantial amount of validity to the Senator's opinions. However, they all came to Washington, hearings were held, and they filled the record with weeping and wailing and gnashing of teeth. They said this country was doomed, that it was all gone, because we were going to make a transition, the result of which would be terrible. We made that transition. But we had 4,900,000 unemployed in 1949.

Mr. DOUGLAS. Is the Senator confusing 1945 and 1946 with 1949? He jumps from the end of the war to 4 years later. In February 1950 the figure was 4.6 million.

Mr. MILLIKIN. I am talking about unemployment in 1949. What was it?

Mr. DOUGLAS. About 4.6 million in February 1950.

Mr. MILLIKIN. That is right.

Mr. DOUGLAS. It was a recession, and the Senator from Illinois said it was a recession.

Mr. MILLIKIN. Oh, Mr. President, when at that time the Senator called it a recession, it was all right, but the same amount of unemployment under the present administration is a terrible, unmitigated disaster. There goes the Senator again with his finger pointing.

Mr. DOUGLAS. I said it was a recession in both cases.

Mr. MILLIKIN. Mr. President, perhaps I should not say this, but good naturedly I must ask the Senator not to clutch at the book I have in my hand. What I have to say will soon develop.

The Senator from Illinois a short time ago said he was assuming that at present there is 8 percent unemployment. Mr. President, here is something in which a psychologist would be very much interested. It shows the evil effect of writing books, because then the author must subconsciously justify what he has put in writing. Here is what the Senator said. This book is by DOUGLAS, the Senator from Illinois. It is called *Economy in the National Government*, by DOUGLAS. I have heard some nice things said of it.

Mr. DOUGLAS. It never sold very well.

Mr. MILLIKIN. We are talking about Government deficits. I read from page 253:

If we were to create governmental deficits every time unemployment rose above 3 percent, we would be operating under a deficit nearly all the time.

Mr. DOUGLAS. That is correct.

Mr. MILLIKIN. I continue to read:

The question then develops whether that would be a healthy circumstance. It is contended by some that, as long as the total annual interest payments upon public debt do not form an increasing proportion of the national income, there is no real danger. There is undoubtedly something to this contention.

An increase in public debt is, however, not a desirable end in itself.

Remember, Mr. President, that the Senator's amendments, under his own theory, would increase our debt by a half billion dollars.

Now he says that an increase in the public debt is, however, not desirable. It is a bad habit to write a book; is it not?

Mr. DOUGLAS. No. That is very good.

Mr. MILLIKIN. The Senator still thinks so?

Mr. DOUGLAS. I am even more convinced now that there is a lot of sense to it.

Mr. MILLIKIN. I read further:

Moreover, it would be dangerous constantly to increase the public debt in time of peace when the prospect of war still hangs over us, because during the time of war further enormous increases always occur. Unless we provide a margin of safety in peacetime for the war which may occur, we are likely to be in great trouble if and when such a war breaks out.

To use deficit financing in order to drive unemployment down below 6 percent is therefore very dangerous. It will tend to do far more harm through inflation than the good it will do by absorbing some of those who are unemployed from seasonal and transitional causes.

For in a period when unemployment is less than 6 percent, there is no real supply of workers ready to go into productive activity.

I interpolate to say that I have always admired intensely a profession which can grab figures out of the air. Six percent, Mr. President; not 5½, not 6½, not 7, not 4, but 6, and it is put in a book. There is a divine affluence which seems to guide the writing hand.

Mr. DOUGLAS. Would the Senator prefer to have it 5 percent?

The PRESIDING OFFICER (Mr. WELKER in the chair). Does the Senator from Colorado yield? Senators will observe the regular order.

Mr. MILLIKIN. In context it would be of no more use to say 5 percent, or any other figure. Perhaps at another time I may be glad to accept the Senator's suggestion, but I should like to keep it in reserve, if I may. I am pointing out that it has no particular significance, but why should the Senator say 6 percent? It is not 6½ percent or 5 percent or 4½ percent. He says, "It is 6 percent. How do I know? Well, from a big bunch of papers that someone has handed to me, or by some divine affluence, or by some sort of inspiration that comes from a source on high."

Let us go ahead with the 6-percent business:

To use deficit financing in order to drive unemployment down below 6 percent is therefore very dangerous. It will tend to do far more harm through inflation than the good it will do by absorbing some of those who are unemployed from seasonal and transitional causes.

For in a period when unemployment is less than 6 percent—

Not 5½, not 4, not 7. It must be 6. It is as though the Senator was shooting crap and calling for a number; 6 is the number.

Mr. DOUGLAS. Mr. President, being a devout member of a religious faith, I must say that I have not shot craps, as the Senator from Colorado intimates.

Mr. MILLIKIN. The Senator from Illinois does not know anything about night clubs, he says, and now he admits that he does not know anything about crap shooting. Soon the Senator will disclaim any knowledge or interest in many activities in which many people engage, and he will then stand in an exalted sort of position, and we will all have to act like disciples of Father Divine in his presence. Good Father, please spare us from that.

To use deficit financing in order to drive unemployment down below 6 percent is therefore very dangerous.

Mr. DOUGLAS. The Senator has read that.

Mr. MILLIKIN. I am coming to the repetition of the author.

To use deficit financing in order to drive unemployment down below 6 percent is therefore very dangerous. \* \* \*

For in a period when unemployment is less than 6 percent, there is no real supply of workers ready to go into productive activity. Instead, the unemployed are primarily either the hard core of the perennially unemployed, such as the handicapped, and the transitionally unemployed for whom job openings exist. Since there is no real idle supply of labor, extra money pumped—

This all turns on 6 percent—

extra money pumped into the economy by budgetary deficit cannot appreciably increase production. Rather, it will be used to bid up the prices on the available supply of goods and services, and hence it will bring about inflation.

There is a further zone of uncertainty within which we do not know what is going to happen.

I interject with a little partisan note, not out of my heart, but because the Senator from Illinois made a partisan speech today. I merely wish to say that these things we are worrying about developed during a preceding administration which was not Republican. A national debt and interest rates and interest payments of a size that paralyze the Senator's thinking, and the whole economic condition, was generated in an administration prior to the one which is now in office, and which is trying to pick up the pieces and put them together again, and which I think is doing a very good job.

Now we come to 8 percent. Eight percent, Mr. President, that mystic figure which occurred to the Senator when he was thinking about what he should say in answer to my question, "How much unemployment have we got?" Subconsciously he said to himself, "Say eight. In a book at one time I said eight."

Mr. DOUGLAS. May I ask the Senator from Colorado whether he has had any training as a psychiatrist? Otherwise, how can he plumb my mind? I might try my hand at psychoanalyzing



him and say he puts wit at the service of reaction.

Mr. MILLIKIN. If I can read the Senator's book, I can plumb his mind also, though I admit, Mr. President, it is difficult. [Laughter.] Which way does the Senator wish to take it?

Mr. DOUGLAS. Just as high as the Senator wishes.

Mr. MILLIKIN. Here we come to the mystery. The Senator says there is a further zone of uncertainty within which we do not know what is going to happen, and he submits, as a rough judgment, that probably we should not run a governmental deficit unless unemployment exceeds 8 percent, and possibly slightly more than that, and he estimates the March figure at about 5.8 percent.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. DOUGLAS. The figure for March does not include the temporary layoffs. It will be interesting to see what the percentage of the temporary layoffs is for this month. Those temporarily laid off would not be permitted to work now if they showed up at their former jobs. They are eligible for unemployment-insurance benefits. Dr. Burns, of the Council of Economic Advisers, stated that he believed they should be counted as unemployed. In addition, there is a further number of those who, on an involuntary basis, are working only 1 or 2 or 3 days a week. That system of involuntary part time is commonly used now by employers because when earnings fall below 50 percent of average earnings the workers are eligible for unemployment-insurance benefits. So there is a general practice to scale down the days of the week rather than to lay workers off. They are put on 3 days a week, with the result that the unemployment spread has been diluted through the whole group and the employers under the merit rating would not have to pay so much in contributions to the unemployment-insurance funds.

Mr. MILLIKIN. That could be cured by firing them out of hand. If it interferes with statistics, fire them; clear them out. [Laughter.]

Mr. DOUGLAS. The Senator, with his gift for concealing a bad case with a flow of rhetoric, is ignoring the fact that, taking into account the part-time workers there is a vastly increased number of unemployed from that which he quotes.

Mr. MILLIKIN. That is always taken into account in the consideration of unemployment statistics. I venture to say that the Senator perhaps made the same allowance in his figures of between 6 and 8 percent.

Mr. DOUGLAS. I was thinking of the total number of those unemployed, including all three groups to which I have referred and not merely the first.

Mr. MILLIKIN. Then the figure should be higher than 8 percent.

Mr. DOUGLAS. Oh, no; at all. The equivalent unemployment—

Mr. MILLIKIN. Now we are talking about equivalent unemployment. The Senator believes there is always a fringe area where people work half the time,

or 3 days a week. He is critical of that because it interferes with statistics. He now says that if we take all that into account, the figure should be raised. Perhaps we should raise the Senator's figure to 10 or 12 percent?

Mr. DOUGLAS. Let us measure the actual amount.

Mr. MILLIKIN. It is graven on stone tablets. The Senator said 8 percent, and I will hold him to it.

Mr. DOUGLAS. Did the Senator raise the present figure to 10 percent?

Mr. MILLIKIN. No; I only suggested it. I was wondering whether the figure should not have gone that high in the Senator's book. But the Senator says, "No." We have not got 8 percent; we have  $5\frac{1}{2}$  or 5.8 percent.

Mr. DOUGLAS. I should like to point out that again the Senator is disregarding the temporary layoffs and the part-time workers. In January there were 5.2 million persons who worked less than 29 hours a week.

Mr. MILLIKIN. Listen, now:

When unemployment is over 8 percent we should have a deficit, and when it is under 6 percent there should be a surplus.

Are we having a surplus or a deficit?

Mr. DOUGLAS. We now have a deficit.

Mr. MILLIKIN. And we have had one how long—for the past 20 years? How many years?

Mr. DOUGLAS. We have had a deficit with the exception of 2 years.

Mr. MILLIKIN. For the past 20 years. And the Senator—I will not say he had the gall, because he did not say it in that spirit, but there was something which impelled him to make a partisan criticism of the administration in power. At one time the preceding administration did not spend everything they got, and there was a surplus. They could not spend the money as fast as they expected to.

Then there was the case where there was no further need to sell billions of war bonds which had already been issued but not purchased.

A little fancy bookkeeping with that item made it look, until the facts were discovered, that there had been a marvelous gain toward budget balancing.

But the distinguished Senator has stated a very interesting point that during the past 20 years, despite all his lectures about the sanctity of a balanced budget—and I have listened to half a dozen such lectures here since the first of the year, and the Senator has almost impressed me—he nevertheless is now advocating a half-billion-dollar decrease in excise taxes when the national budget is unbalanced. Also he would not give the poor workingwomen the benefit of a reduction in a tax that would lower the cost of their cheap costume jewelry—

Mr. DOUGLAS. Does the Senator need my handkerchief? [Laughter.]

Mr. MILLIKIN. I have as much right to plead for the poor as the Senator has. He has no monopoly on that. And I shall use my own handkerchief. [Laughter.]

I pose this as not being an earth-shaking revelation, but it shows how men get their figures. It shows how the 8-percent

figure bobs up in this debate. Eight percent had to be the figure. He said 8 percent, and he said it in a book. When he says it in a book, it is eternal. It will be the same for all time to come. It will influence his mind subconsciously.

We are talking about a 10-percent tax, in the main. The House Ways and Means Committee reduced taxes to 10 percent. I have heard that referred to as being a meat-ax approach. Well, it is reducing taxes, call it anything one may like, and it reduces them to a level—

Mr. DOUGLAS. Is the Senator in favor of those reductions?

Mr. MILLIKIN. Yes.

Mr. DOUGLAS. They increase the deficit by \$950 million.

Mr. MILLIKIN. But I did not write the book. [Laughter.]

The distinguished Senator wishes to increase what he says is going to be a deficit. He wishes to increase it by a half-billion dollars.

Mr. DOUGLAS. Ridiculous.

Mr. MILLIKIN. The Senator says it is ridiculous. The Senator does not want to reduce the excise taxes on jewelry and the furs which ordinary people wear.

Mr. DOUGLAS. I am not opposed to the reductions. I simply say that if we put through those reductions we should also do the other things which I have mentioned.

Mr. MILLIKIN. After these 20 years about which we have been talking, we must now clean up the whole thing overnight.

The Senator is forgetting facts of which I reminded him before and to which I respectfully hope he will give a little more attention, because they are verities. They cannot be disposed of in a book.

The Constitution lodges the initiation of taxes in the House of Representatives. The House of Representatives is not infallible and, therefore, the Senate has the power of amendment. The Senator from Illinois should remember these things. He is speaking about a proposal which was the subject of heavy debate in the House, and was defeated. The Senator from Illinois should remember also that in the final showdown—

Mr. DOUGLAS. Mr. President, will the Senator yield for a moment?

Mr. MILLIKIN. I yield.

Mr. DOUGLAS. Is it not true that the House rules on the bill prevented amendments from being offered on that bill?

Mr. MILLIKIN. Let the Senator hold his horses. When the vote in the House was concluded, the vote was 413 to 3. There were only 3 misguided persons out of 416; or, according to the Senator's theory, 413 were misguided, and 3 were right.

Mr. DOUGLAS. I am more than ever convinced that the Senator from Colorado is certainly sophisticated as well as a rhetorician. If my memory serves me correctly, the bill was presented to the House under an ironclad rule which forbade or prevented amendments. The House never had a chance to vote on amendments such as are now being proposed in the Senate.

Mr. MILLIKIN. An attempt was made to bring up the precise amendments which the Senator from Illinois has offered in the Senate.

Mr. DOUGLAS. It was voted down in committee by a strict party vote, but my information is that the House never was permitted to vote on it.

Mr. MILLIKIN. The question was raised preliminary to the general motion to recommit, and it was defeated by a close vote, but nevertheless defeated. That was done by the House, which under the Constitution—

Mr. DOUGLAS. Does the Senator mean it was defeated by the Committee of the Whole?

Mr. MILLIKIN. Defeated by the whole House?

Mr. DOUGLAS. No; was not the vote taken in Committee of the Whole, where yea-and-nay votes are not taken?

Mr. MILLIKIN. I do not know whether it was in Committee of the Whole or not.

Mr. DOUGLAS. As the Senator from Colorado should know, in the Committee of the Whole, in the House, the yeas and nays need not be taken.

Mr. MILLIKIN. A count was taken, because there was a very slight difference. I think the figure was somewhere—

Mr. DOUGLAS. It was not 413 to 3.

Mr. MILLIKIN. I did not say that.

Mr. DOUGLAS. I thought the Senator did.

Mr. MILLIKIN. I said that was the final vote on the bill.

Mr. DOUGLAS. What was the vote on the proposal to make the approximate changes which I have suggested?

Mr. MILLIKIN. Let this permeate. On the final vote, only three Members of the House said the bill was all wrong.

Mr. DOUGLAS. But what about the vote that killed the amendment?

Mr. MILLIKIN. When the amendment came up, it was defeated by a close vote.

Mr. DOUGLAS. By almost a party vote. Was it not 213 to 200?

Mr. MILLIKIN. The Senator can call it a party vote, if he wishes; but its having been a party vote will not make the ultimate passage of the bill any easier in the House if the Senate should be foolish enough to include the Senator's amendment. That is the point I wish to make.

I desire to say a few gentle words about what the Constitution says with respect to the tax bills originating in the House.

Mr. DOUGLAS. That does not mean the Senate has no right to amend.

Mr. MILLIKIN. No; the Senate has the right to amend. The Senator from Illinois knows that.

The Senator from Illinois does not pay sufficient attention, I believe—I respect his judgment, nevertheless—to what is the initial source of the tax revenue legislation.

Another point I wish to make is that the Senate Committee on Finance has been holding hearings on the bill. Has the Senator from Illinois ever honored the committee with his presence? No. We would have been glad to hear from him. But the Senator comes to the floor with a batch of amendments and pre-

sents them for the first time to anyone who has worked on the bill.

I may say to the Senator that there may not be such educational qualifications or brilliance in that committee as the Senator might desire.

Mr. DOUGLAS. No one could question the brilliance of the Senator from Colorado or the other members of the Committee on Finance.

Mr. MILLIKIN. I respectfully suggest that it is a very able committee. I repeat: We would have been glad to hear the views of the Senator from Illinois. Why did he not submit them to the analysis of the committee at a hearing, instead of, in the first instance, bringing them to the floor of the Senate?

Mr. DOUGLAS. Is it not true that the proposals were considered in the committee, and the very able Senator from Georgia [Mr. GEORGE] made a reservation on this very issue?

Mr. MILLIKIN. The committee lacked the illumination which the distinguished senior Senator from Illinois could have given us.

Mr. DOUGLAS. I think the Senator from Georgia is more than a substitute for the senior Senator from Illinois.

Mr. MILLIKIN. Perhaps there is something about writing books which does such things to a man. I was speaking about the Senator from Illinois not coming before the Senate Committee on Finance and giving the committee the benefit of his illuminating thought. His response is that the Senator from Georgia [Mr. GEORGE] did something or other, and that the Senate will ask the Senator from Georgia about it.

Mr. DOUGLAS. The Senator from Georgia can speak for himself.

Mr. MILLIKIN. That is the point. Why did not the Senator from Illinois come before the committee and speak for himself? The committee will always be glad to hear from him.

Instead of the Senator coming to the floor with a lot of statistics, which cannot be tested by the staff—and there is no better staff in tax matters in the United States than the staff of the Joint Committee on Internal Revenue Taxation—and which cannot be tested by the committee which has had considerable to do with taxation, why did not the Senator submit his material to the committee and give the staff a chance to inspect it? Why bring the material into the Senate on the Senator's mere ipsi dixit, and expect the Senate to accept it?

Mr. DOUGLAS. I may say to my good friend, the Senator from Colorado, that one reason why I did not do so was that I felt that the advocacy of lower excise taxes should be postponed until the last minute, lest it create a buyers' strike.

The second reason is that I had always thought the Senate was a deliberative body, and that it was not bound to take the decisions of its committees 100 percent.

Mr. MILLIKIN. Oh, it does not have to.

Mr. DOUGLAS. If we do have to accept everything, we might as well cease to do business as a Senate, and farm everything out to committees.

Mr. MILLIKIN. The Senator from Illinois now switches from the specific to

the general. The Senator has put psychological thoughts into my head today.

Mr. DOUGLAS. Will the Senator allow me to analyze his psychology?

Mr. MILLIKIN. I will permit him to do so, if he will permit retaliation.

The Senator from Illinois invariably comes to the floor with, let us say, a virtuous amendment. Let us say so, for the sake of argument. He does a strip tease with the amendment for the first time on the floor of the Senate. He has a bunch of papers on his desk.

Where are the papers the Senator usually has? [Laughter.]

He picks the papers out of a wastebasket, I assume.

He says, "These are the facts. This is what is carved in marble. It cannot be changed. It is true, because I say it is true."

The Senate Committee on Finance, which sits and listens to statements about tax matters and the staff of the Joint Committee on Internal Revenue Taxation, which is the finest staff in the United States, are not permitted even to look at the Senator's proposals.

Still the Senator from Illinois dramatically speaks about the poor washerwoman, and attempts to make our hearts melt when he talks about according to the rich who wear furs a privilege which the poor cannot enjoy.

Let the Senator come before our committee sometime and give us a treat. We will analyze his proposals in a deliberative way.

Mr. WILEY. A treat or a treatment?

Mr. MILLIKIN. We will give him a treat, probably, and thereafter a treatment. But, be that as it may, the Committee on Finance is a committee where the Senator will be courteously received. We shall gladly hear his statements and have his views analyzed by those competent to do the job.

Mr. DOUGLAS. Has the Senator finished?

Mr. MILLIKIN. For the moment. I have the floor, but the Senator may go ahead. I do not wish him to take his seat. I desire him to take all the time he needs.

Mr. DOUGLAS. Let the Senator from Colorado finish.

Mr. MILLIKIN. I thank the Senator for that privilege; but I wish to equal the Senator's own generosity.

The taxes about which the Senator is talking are 10-percent taxes. I wish they could be reduced. I say it would add \$500 million to the cost of this operation if they were reduced. With very few exceptions, I should like to see them all reduced. I do not like any excise taxes. But, after all, it is necessary to keep in mind the horrors which the Senator portrays in his book. We must never forget those horrors. We must always keep in mind the Senator's strictures, stated many times in his lectures on the Senate floor, and elsewhere, on the importance of the budget and of not having unbalanced budgets. We should keep that in mind. We should never deviate from that goal.

Mr. DOUGLAS. When there is full employment.

Mr. MILLIKIN. We should drive to a balanced budget. But full employ-



ment, or not full, it is a good thing to have a balanced budget. At least, if there is a balanced budget, then a start can be made to unbalance it. We already have an unbalanced budget, and have had one, with 2 exceptions, for 20 years, and the unbalanced budgets were not caused by the present administration.

Because it was the purpose of the House to reduce all these taxes, generally speaking, to a 10-percent level, the Senator from Illinois picks into this group of taxes and says, "These ought to be reduced." It would be nice if that could be done.

Mr. DOUGLAS. Will the Senator permit a correction? In the cases I advanced, I wanted to have them reduced somewhat. The items I have mentioned have been given no reductions.

Mr. MILLIKIN. The Senator has disclosed a tremendous misunderstanding of the whole bill. The purpose of the House was to reduce the high taxes down to 10 percent, the doing of which gives then a better equalization.

Mr. DOUGLAS. It was a meat-ax cut of taxes above 10 percent.

Mr. MILLIKIN. If the Senator desires to apply the meat-ax epithet to reducing taxes from an excessively high level, to 10 percent, he is welcome to do so; but, for goodness sake, I hope the Senator will not attribute the meat-ax epithet to me.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. HUMPHREY. Does the Senator from Colorado believe that the present tax measures which are being considered by the House and the Senate will leave the budget in balance?

Mr. MILLIKIN. I am hopeful. I like the Senator's theme of the compensating element that reduction of taxes might bring about. I do not say the tax measures will result in balancing the budget, but I say we are striving toward a balanced budget. We are making tremendous strides. I shall be glad to show the Senator figures. I am hopeful these tax reductions will increase the income and the activity of the economy to the point where there will be no real loss.

Mr. HUMPHREY. Does the Senator, who is an outstanding expert in finance matters, really believe that the budget will be in balance after the Senate passes a bill reducing excise taxes, which will reduce the income to the Government by about \$958 million, and after the House passes the revenue bill, which will further reduce the income of the Government?

I am asking the question so that we can get away from the debate over the book. The discussion of the book was very interesting, but it seems to me that this question is much more important to the American people than a discussion over a book which the Senator from Illinois wrote many years ago.

Mr. MILLIKIN. I will answer the question of the Senator, even though, being covered with his mayonnaise and being ready to eat, he would find me indigestible. [Laughter.]

Mr. HUMPHREY. Not at all; it would be a delectable item of food.

Mr. MILLIKIN. I am sure the Senator would find himself with stomach qualms if he attempted to digest me.

I think the excise bill will stimulate business. I do not believe the total loss will be \$900 million.

Mr. HUMPHREY. I agree with the Senator, by the way.

Mr. MILLIKIN. The Senator is talking about fiscal 1955.

Mr. HUMPHREY. Yes.

Mr. MILLIKIN. I cannot say we will have a balanced budget at the end of 1955, but there will be a reduced deficit at the end of 1955. At the end of 1955 I think we will be in clear sight of a balanced budget, despite the reduction we have made already in income taxes, in excess-profits taxes, the reductions in the bill now under consideration, and, I hope, the reductions in a general tax revision bill.

I hope and believe such reductions will have a stimulating effect upon business. I do not believe there will be a balanced budget at the end of 1955; but I believe we will then be clearly in sight of one. If we can bring the budget into balance after it has been out of balance for years, I think the people of the United States will bless us.

Mr. HUMPHREY. The Senator has made a profound observation. Such a goal will be one which will make the people happy.

I should like to ask the Senator if the theory behind the proposals being made is not one of reducing expenditures, but of reducing taxes and in that way to balance the budget.

When the Senator said we would not have a loss of an estimated \$950 million through changing the revenue laws, because of the stimulation of new business activities, I gathered that the theory of the Senator is that the adoption of flexible or compensatory taxes, or whatever adjective one may use, may act as a great stimulant to the economy. Is that correct?

Mr. MILLIKIN. It might.

Mr. HUMPHREY. Is that the theory on which the Senator bases his argument?

Mr. MILLIKIN. No.

Mr. HUMPHREY. How, then, does the Senator think there can be a balancing of the budget?

Mr. MILLIKIN. I think we will get a balanced budget, first, by making a considerably greater number of reductions in expenditures; second, I do not believe, generally speaking, depending upon the circumstances at the time, that tax reduction necessarily adds to the deficit.

Mr. HUMPHREY. That is what the Senator from Minnesota was saying, and he asked the Senator from Colorado whether it was a part of his belief that reducing taxes on a selective basis would act as a stimulant to the economy.

Mr. MILLIKIN. It could.

Mr. DOUGLAS. Why would not the same theory apply in the case of household appliances as well as to furs?

Mr. MILLIKIN. The Senator knows that when a little salt is added to a bowl of soup, it wonderfully enhances the flavor.

Mr. DOUGLAS. Does the Senator mean that one can put salt on the tail of

a muskrat or on a Siberian sable, but not on a washing machine?

Mr. MILLIKIN. The Senator could go into the kitchen and say, "Mrs. Cook, you put 1 spoonful of salt in the soup, and you made a wonderful dish; why don't you put in 4 or 5 spoonfuls?" The Senator's theory is that if 1 tablespoonful of salt is good for the soup, 3 or 4 tablespoonfuls will make it 3 or 4 times as good. If such a statement came from any other mouth, it would be nonsense. [Laughter.]

Mr. HUMPHREY. The Senator from Colorado has proven himself to be a fairly good cook, but the question is, Has he been able to prove that, by a selective reduction in the excise taxes, which he justifies, which the Senator from Illinois justifies, and which the Senator from Minnesota believes is right—

Mr. MILLIKIN. The place where the Senator from Illinois got off was when he assumed the role of white horse for the automobile industry.

Mr. HUMPHREY. I know the Senator was trucking around with Republican doctrine for a while. I think it adds a little bit of respectability to do so, and it was all right for the Senator to do it.

If it is sound, if it is appropriate, fair and equitable to reduce all these excise taxes either those of 15 percent or those of 20 percent down to 10 percent, on the ground that they were excessive taxes and on the theory that such reductions will actually stimulate business, anyway, is it not appropriate, in an area where the tax was 10 percent, at least to make some reduction, if the principle of equity is to be followed? Secondly, when the Senator from Illinois can point out instances of production and consumption that are literally shocking in terms of lack of sales, and instances of the production and distribution problems in industry, I ask the Senator from Colorado what is wrong with the Congress taking some initiative and trying to relieve the situation by removing or lowering taxes? What is wrong with that theory?

Mr. MILLIKIN. I think it could be grossly wrong to do it the way desired in the amendments of the senior Senator from Illinois.

Mr. HUMPHREY. Does the Senator think it would be?

Mr. MILLIKIN. I am assuming the problem which the House Ways and Means Committee had before it when it was considering the bill. The committee said, "We cannot go to heaven in one jump, so let us get rid of the worst of the taxes. Let us not put in a spoonful of salt, and then put in 4 spoonfuls of salt, on the theory that it will be 4 times as good."

Mr. HUMPHREY. Salt is a fine ingredient and a valuable chemical, but I do not see the relevancy of it to the discussion. As a matter of fact, I do not think there is even a tax on salt; I think we got rid of it long ago. Instead, I should like to talk about the taxes the Senator from Colorado is discussing.

First, would it injure the Government to repeal the excise tax upon durable consumer items, such as those listed by the Senator from Illinois? What would happen? Would it hurt the economy or the Government?

Mr. MILLIKIN. My view is that it would hurt.

Mr. HUMPHREY. Whom would it hurt?

Mr. MILLIKIN. It would hurt the taxpayer, because it would seriously affect the Government's revenues.

Mr. HUMPHREY. How much revenue does the Senator think would be lost by removing the excise taxes?

Mr. MILLIKIN. That brings up the whole theory of compensatory benefits. If I could tell the Senator how much it would increase the national product or total national income, or even the income of a particular business, I would be the fair-haired boy with the sticky shirt front. Every economist would say, "There is a greater guy than Mr. Keynes. We have a new and greater Keynes there. There is someone who can tell you what you will lose or gain." I cannot do that, nor can anyone else.

Mr. HUMPHREY. I appreciate the humility of the Senator from Colorado. There are those of us who think he can come rather close to doing it.

I support the move to do away with the admissions tax, and it is being done away with. The 10-percent tax is being removed because the industry is sick. In brilliant testimony before the Finance Committee, the representatives of that industry have proved that the industry is sick and faces grave problems.

Did the Senator from Colorado vote in committee for removal of the admissions tax?

Mr. MILLIKIN. Is the Senator from Minnesota talking about the proposed 10 percent to 5 percent reduction or the latest formula?

Mr. HUMPHREY. I am talking about removal of all the tax.

Mr. MILLIKIN. I did not support it in committee, but I shall support it on the floor of the Senate.

Mr. HUMPHREY. What gave the Senator from Colorado the urge to make such a sudden transformation, with the result that, although he did not support that proposal in the committee, he will support it on the floor?

Mr. MILLIKIN. Mr. President, I suggest to the Senator from Minnesota, for goodness sake, let us not engage in that kind of fooling around.

Mr. HUMPHREY. But the Senator from Colorado said he will stand by the committee.

Mr. MILLIKIN. If the Senator from Minnesota wants me to do a striptease act—

Mr. HUMPHREY. Oh, no.

Mr. MILLIKIN. At any rate, let us take one thing at a time.

Mr. HUMPHREY. I have better candidates for a strip-tease act.

Mr. MILLIKIN. I, also.

I thought that to reduce the tax was as much as should be done under all the circumstances. My committee had an excellent argument in favor of adopting the proposal which now is before the Senate. I find no injury to my conscience as a result of the version of the bill which now is before the Senate, and I shall support it, and shall be very glad to do so.

Mr. HUMPHREY. I wish to say to the Senator from Colorado that I ap-

preciate the fact that he sees no injury to his conscience in coming down from a 20-percent tax to a 10-percent tax to zero.

Mr. MILLIKIN. I wish to get rid of all these taxes.

Mr. HUMPHREY. Hallelujah! Then here is the Senator's chance; here is Reverend DOUGLAS, to lead the Senator from Colorado to salvation. [Laughter.]

Mr. MILLIKIN. The way Reverend DOUGLAS will do it is to get rid of all sources of revenue all at once. There I stop. I cannot take that kind of instantaneous salvation.

Mr. HUMPHREY. Will the Senator from Colorado permit me to ask a question at this point?

The PRESIDING OFFICER (Mr. YOUNG in the chair). Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. MILLIKIN. Certainly.

Mr. HUMPHREY. Is it desirable to have a fictitious excise tax on commodities which are not sold; or is it better to have a complete removal of the excise tax, and thereby permit the commodities to be produced and sold, and thereby have jobs, earned income, corporate income, and dividends which can be given special tax treatment?

Mr. MILLIKIN. If the Senator from Minnesota will cite a case, I shall discuss it.

Mr. HUMPHREY. I think the Senator from Illinois has given excellent testimony, which cannot be refuted, except by gymnastics. He has pointed out the drop in sales. In view of the very clever analysis by the Senator from Colorado of the book written by the Senator from Illinois—which, by the way, was written some years ago—how does the Senator from Colorado analyze the production and sales figures the Senator from Illinois has brought to our attention; or does the Senator from Colorado believe that home appliances should be sold?

Mr. MILLIKIN. Mr. President, that question is a rather absurd one. Of course, I believe that home appliances should be sold. Yes; I also believe that each housewife should have as many clothes driers as the circumstances of her family permit.

I also believe in the Bible. I also believe in God, home, and mother. I also believe in the American flag.

Mr. DOUGLAS. But what will the Senator from Colorado do to implement his beliefs?

Mr. HUMPHREY. Does the Senator from Colorado believe in Toledo, Ohio? Perhaps he heard, during the Christmas season, the amusing phonograph record about a man who was convinced about Cleveland and Akron, Ohio, and finally became convinced of the existence of Santa Claus, but he still had his doubts about Toledo, Ohio. [Laughter.]

Mr. MILLIKIN. Mr. President, if I could have chosen the place of my birth, I probably would have chosen the glorious State in which I live—Colorado. But next to it, since I was born in Ohio, I would choose that State. I like almost everything in it. So I am in favor of Akron, Cleveland, and Toledo.

Mr. HUMPHREY. Very well.

I should like to ask a final question. Does the Senator from Colorado sincerely believe that by means of the removal of the excise taxes from household appliances and durable goods, the Treasury of the United States would be so seriously handicapped that the budget would be in a precarious situation and the country's general economic tone or solvency would be seriously jeopardized?

Mr. MILLIKIN. Upon considering the present rates, in relation to other rates on other articles, and in relation to the other tax-reduction bills on which we have acted, the general revision bill to come before us, I believe the bill now before the Senate, as reported by the Senate Finance Committee, is the proper measure to enact.

Mr. HUMPHREY. What does the Senator from Colorado recommend, then, as a means of giving effective stimulus to the great consumers' and durable-goods industry; or is the Senator from Colorado of the opinion that that industry is not in need of special help?

Mr. MILLIKIN. We have two tax reduction bills. One of them is before us at this time. The other will be before us in a few weeks. It also is a part of the whole program.

I have in mind 15 different things to be done, if the situation should require them. However, they have little to do with the present debate, so let us not encumber the RECORD.

Mr. HUMPHREY. Yes.

However, surely the Senator from Colorado does not contend, as a matter of principle, that there should not be any reduction in excise taxes. After all, he has already agreed that there should be some reduction in excise taxes.

Mr. MILLIKIN. Yes.

Mr. HUMPHREY. So the only question is whether the reduction in excise taxes should occur in connection with the items listed by the Senate Finance Committee, or whether it should include the very important sector of the American economy constituted by the durable-goods and home-appliance industries.

Mr. MILLIKIN. That is one way to put it.

Mr. HUMPHREY. Is not that the right way?

Mr. MILLIKIN. No, that is an Icarian syllogism. [Laughter.]

Mr. HUMPHREY. Mr. President, that is too much for me.

Mr. MILLIKIN. In other words, the Senator from Minnesota would pin wax wings on his own back, in an attempt to fly. However, because of his unsure base, he would land in the ocean. In short, I cannot say that such wings would be stable.

Mr. HUMPHREY. Is not that just another way of saying I am all wet?

Mr. DOUGLAS. Mr. President, the Senator from Colorado is referring to Greek mythology, and is speaking of Icarus.

Mr. MILLIKIN. I referred to the Senator's suggestion as an Icarian syllogism. I thought that was the more scholarly way of putting it, and a much more polite way than to use the harsher expressions which might have been used.



Mr. President, in connection with the consideration of tax measures, both the Senate and the House must consider the several tax-reduction bills which already have been passed, and also what is likely to happen to the bill now before the Senate and to other tax bills.

We who serve in the Senate must always remember, furthermore, the position taken by the House on such measures. We in the Senate might advocate that most excellent additional things be done; but will it be possible for us to accomplish all at once everything we seek to accomplish?

I believe it is the sentiment of the Senate Finance Committee that within a year we probably shall make a study of the entire excise tax field and shall report bills calling for further tax relief.

Some Senators may ask us, "Why do you recommend tax relief in this field and not in other fields?"

I reply by saying that we do so for the same reason that it is impossible to go to heaven in one jump.

Mr. DOUGLAS. However, by holding out hope that, in the future, cuts will be made in excise taxes, the result will be to discourage purchasing, and people will postpone their purchases, in the hope that such cuts will be made later on. In short, if the cuts are to be made, let us make them now, and thus stimulate demand.

Mr. MILLIKIN. We shall make them before long.

Mr. HUMPHREY. Mr. President, the Senator from Colorado makes a strong argument. His weakest point is when he refers to what the House of Representatives will do.

Although we must seriously consider that point, certainly we are not bound by what the House of Representatives does. Member for Member, certainly there is in the Senate as much perseverance and stubbornness, if we may call it that, or ability to continue to work at a task until it is performed, as there is in the House of Representatives. If we get a good bill here, I believe we shall be able to prevail, when we present our point to the House of Representatives. I do not think we should be governed by what the House of Representatives favors. After all, we are always able to fight out these matters in conference.

Mr. MILLIKIN. Mr. President, as I have previously pointed out, we have only until April 1—1 week from today—to get the bill through Congress and to the President. It would be terrible if we did not complete action on the bill by April 1—for the very reasons mentioned by the Senator from Minnesota.

Mr. HUMPHREY. If the Senate in its wisdom desires to follow the suggestions made by the Senator from Illinois [Mr. DOUGLAS], and others of us who are associated with him, and decides to provide for a sensible reduction in the excise taxes which are applied to an area of the economy which deserves and needs such relief, and to have it done in a way which will permit of production, distribution, and sales, then, I believe, the American people will see that Congress responds to that good judgment. At the present time the American people are not purchasing the commodities we are

discussing. These commodities are not now being purchased because, may I say, of taxes heaped upon them and because of a slowdown of the economy. This excise tax has been a very regressive tax, as the Senator himself has testified.

Mr. MILLIKIN. Let me suggest to the distinguished Senator that the Members of the House of Representatives are perhaps smarter than we are in political matters, because they are more directly in the line of fire every 2 years. The Members of the House approved the pending bill by a vote of 413 to 3. Those men are going to run for reelection in November. They are going to face the people about whom the Senator is talking. Does the Senator think there would have been a vote of 413 to 3 if they did not think this bill would please the people?

Mr. HUMPHREY. The junior Senator from Minnesota says that what the House has done thus far is worthy, and to be commended. However, the fact of the matter is that the vote of 413 to 3 was the final vote. There were no more votes. There was another vote earlier, however, to which the Senator has alluded. Let us get the figures on that vote.

Mr. MILLIKIN. That was on the motion to recommit.

Mr. HUMPHREY. For the purpose of putting new excise tax reductions in the bill.

Mr. MILLIKIN. The real question on the motion to recommit in the House was whether the formula approved by the Senate Committee on Finance as to the tax on motion-picture theater admissions should or should not be adopted. However, I am frank to say that the very question about which the distinguished Senator from Illinois and the distinguished Senator from Minnesota are speaking was also strongly before the House. But when the chips were down and Members of the House asked themselves, "What will the people approve, and what will they not approve?" only three said, "I cannot support the bill."

Mr. HUMPHREY. The Senator from Colorado is an extremely able and fair man, whom we dearly love. He knows that the final vote to which he refers represented the choice between no tax reduction and a tax reduction. That was the choice with respect to which the three who voted against the bill really had to do some fast thinking for themselves.

Mr. MILLIKIN. Mr. President, both the Senator from Illinois and the Senator from Minnesota are asking me some very personal questions. Let me ask them a question. Will they support the bill without the amendments of the Senator from Illinois?

Mr. DOUGLAS. I think probably I shall, but I expect to have my amendments adopted.

Mr. MILLIKIN. But, with or without the Senator's amendments, he will vote for the bill. How about the distinguished Senator from Minnesota?

Mr. HUMPHREY. Let me say to my beloved friend from Colorado that indeed I will support the bill without those amendments. But after all, if a man has a choice in the morning between eat-

ing dried biscuits and water or having nothing to eat, he will take the dried biscuits. However, I want a little more than that. My appetite is better than that. The American people are seeking more.

Furthermore, the Senator stands on pretty thin ice when he tries to stand on the principle of balancing the budget. It is not going to be balanced for a period of time. He stands on a rather weak principle when he says that we must not reduce excise taxes any further. He has gone a long way. He has been courting deficits.

Senators have been discussing nightclubs in this debate. I wish I could have been present to participate in that discussion. Perhaps I could have offered some enlightenment from a practical point of view.

The truth of the matter is that the only argument here is whether or not we should extend the principle to which the Senator from Colorado has applied his labor, namely, the principle of excise-tax reduction, into an area that is equally vitally affected, or perhaps more vitally affected, than those which have been considered. That is the only question.

Mr. MILLIKIN. On the question of fact, I am in disagreement. I go with the Senator the first step. Then he puts on wings and starts to fly. I cannot go with him.

When the Senator goes to Minnesota this fall to campaign, the bill without these amendments will be a wonderful thing. He will be proud that he voted for it. It was amazing how people scrambled to get under the tent when the showdown came. The Senator will not scamper. He will walk into the tent in a dignified manner, when he is making his fine speeches in his State. He will not forget the fact that he voted for this excellent measure without the amendments of the Senator from Illinois.

Mr. HUMPHREY. Indeed, the Senator from Minnesota will not forget that he voted for this measure, which comes to us with 10 percent and 5 percent excise-tax reductions. Nor will he forget, when he goes to the first county fair and looks at the stoves, the dryers, and other electrical appliances as they stand there gathering dust for lack of sales, what the reason is. The Senator from Minnesota will raise his voice and say, "There stands that stove, unused, untouched, unheated!"

Mr. DOUGLAS. And all because of the Senator from Colorado. [Laughter.]

Mr. MILLIKIN. But, good sir, after you look at that stove, that dryer, or that refrigerator, and describe the horrible things which happened to the bill, you will still say, "I voted for the bill."

Mr. HUMPHREY. With the Douglas amendments.

Mr. MILLIKIN. That is a question. That remains to be seen.

Mr. HUMPHREY. We offer the Senator from Colorado an opportunity. I do not know whether "salvation" is the correct word; there have been a great many big words used in this debate. However, at least we offer him an opportunity to get on the economic track which the Senator from Illinois has laid.

Mr. MILLIKIN. The Senator is good to me.

Mr. HUMPHREY. Let us get rid of the 6 percent, or the 8 percent, and get down to zero in case of the durables.

Mr. MILLIKIN. The Senator is treating me very generously.

Mr. HUMPHREY. It appears that we are not going to win the Senator from Colorado over.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	McCarran
Anderson	Gore	McCarthy
Barrett	Green	McClellan
Beall	Griswold	Millikin
Bennett	Hayden	Monroney
Bricker	Hendrickson	Morse
Burke	Hennings	Mundt
Bush	Hickenlooper	Neely
Butler, Md.	Hill	Pastore
Butler, Nebr.	Hoey	Payne
Byrd	Holland	Potter
Capehart	Humphrey	Purtell
Carlson	Hunt	Robertson
Case	Ives	Russell
Chavez	Jackson	Saltonstall
Clements	Jenner	Schoeppel
Cooper	Johnson, Colo.	Smathers
Cordon	Johnson, Tex.	Smith, Maine
Daniel	Kefauver	Smith, N. J.
Dirksen	Kennedy	Stennis
Douglas	Kerr	Symington
Dworshak	Kilgore	Thye
Eastland	Kuchel	Upton
Ellender	Langer	Watkins
Ferguson	Lehman	Welker
Flanders	Long	Wiley
Frear	Magnuson	Williams
Fulbright	Malone	Young
George	Mansfield	
Gillette	Martin	

The PRESIDING OFFICER. A quorum is present.

The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment 3-23-54-D and ask that it be stated, and that it become the pending question.

The PRESIDING OFFICER. The Clerk will state the amendment.

The CHIEF CLERK. On page 10, after line 8, it is proposed to insert the following:

SEC. 306. Repeal of tax on refrigerators and quick-freeze units and on electric, gas, and oil household appliances

(a) Repeal of taxes: Section 3405 (a) (relating to manufacturers' excise tax on refrigerators and quick-freeze units), section 3405 (b) (relating to manufacturers' excise tax on refrigerating and freezing apparatus), and section 3406 (a) (3) (relating to manufacturers' excise tax on electric, gas, and oil appliances) are hereby repealed.

(b) Floor stocks refund: Subchapter A of chapter 29 (relating to manufacturers' excise taxes) is hereby amended by adding at the end thereof a new section as follows:

"Sec. 3416. Floor stocks refund on refrigerators, quick-freeze units, and electric, gas, and oil household appliances

"(a) In general: Where before April 1, 1954, any article subject to the tax imposed by section 3405 (a), section 3405 (b), or section 3406 (a) (3) has been sold by the manufacturer, producer, or importer, and is held on such date by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an

amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if such manufacturer, producer, or importer—

"(1) has paid such amount as reimbursement to the dealer who held such article on April 1, 1954; and

"(2) files claim for such credit or refund before August 1, 1954.

"(b) Definition of dealer: As used in this section, the term 'dealer' includes a wholesaler, jobber, distributor, or retailer. For the purposes of this section, an article shall be considered as 'held by a dealer' if title thereto has passed to such dealer (whether or not delivery to him has been made), and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

"(b) Limitation on eligibility: No person shall be entitled to credit or refund under this section unless he has in his possession such evidence of the inventories with respect to which he has made the reimbursements described in subsection (a) as may be required by regulations prescribed under this section.

"(d) Penalties and administrative procedures: All provisions of law, including penalties, applicable in respect of the taxes imposed under sections 3405 (a), 3405 (b), and 3406 (a) (3) shall, insofar as applicable and not inconsistent with this section, be applicable in respect of the credits and refunds provided for in this section."

On page 10, line 9, strike out "306" and insert "307."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, since there may be some Senators now in the Chamber who did not hear the discussion earlier in the afternoon, I hope I may be pardoned for saying that this is a proposal to remove the 10-percent tax on household appliances. It would apply to such items as refrigerators, cooking ranges and stoves, fans, water heaters, flatirons, air heaters, electric blankets, grills, toasters, broilers, mixers, juicers, food choppers and grinders, clothes dryers, dehumidifiers, dishwashers, floor polishers, waxers, mangles, garbage disposals, power lawnmowers, home freezers, and similar articles, which are not luxuries, but which are in many cases absolute necessities. The amendment would help the American housewife and also help the industries which have been most severely hit by the contraction. I hope the amendment will be agreed to.

I ask for the yeas and nays.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. ELLENDER. How much tax revenue would be lost if the amendment were agreed to?

Mr. DOUGLAS. Approximately \$150 million, assuming the same volume as last year.

The PRESIDING OFFICER. The yeas and nays have been requested on the amendment.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, I call attention to the fact that the amendment is one of a series of amendments which I understand the Senator from Illinois intends to propose, and which

would, if adopted, deprive the Treasury of about \$600 million in revenue.

This particular amendment affects electrically motor-driven fans, refrigerators, quick-freeze units, dishwashers, blanket sheets, electric belt-driven fans, electric air heaters, not including furnaces, electric dehumidifiers, electric motion- or still-picture projectors, electric garbage disposals, power lawn mowers, and many other items.

As to those items the 10-percent excise tax would be eliminated. All such items were considered by the House. To take one part of a combined series of items, as proposed by the distinguished Senator from Illinois, such as this list, would cost the Treasury \$205 million.

I suggest, in view of the other reductions in the bill, that we cannot afford this amendment.

I also suggest that if we so complicate the bill, it will never get through conference and to the President by April 1, which is 1 week from today. Because of the great uncertainty, I think all the amendments should be defeated.

Mr. GEORGE. Mr. President, I do not rise to discuss the amendment. I rise to explain that in the Committee on Finance I reserved the right to move to strike out certain items from the bill and to include certain other items, the excise taxes on which had not been reduced at all. This list happens to be the one which I then had in mind and thought most about, and which I had considered most carefully.

I shall vote for the amendment. I am not saying that I shall vote for the other amendments. I would vote for the amendment if the tax were reduced only down to 5 percent. But I shall vote for the amendment in the form in which it is offered, for the simple reason that there has been a great falling off in the manufacture and distribution of the particular products named in the list. Because of the excise tax, the items have to a great extent become prohibitive for many purchasers who would like to buy them. They are not conveniences; they are necessities.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. KILGORE. Does the Senator remember seeing in the Washington newspapers advertisements of cut-rate sales on these very items? The items were advertised at 35, 40, 45, and 50 percent below list prices, showing plainly that there existed overstocked inventories on the part of manufacturers. The manufacturers could not sell the items, and they were disposing of them through cut-rate sources. I wonder if the Senator from Georgia has seen such advertisements.

Mr. GEORGE. I have seen such advertisements. From my own experience, I have observed that there has been almost a cessation of distribution in the primary local markets.

Mr. President, I have just a word to say on the merits. Of course, many of these excise taxes should be reduced. There were many reductions in excise taxes made by the House which can hardly be justified, and which provide



for reductions on strictly luxury and semiluxury goods. I do not find it in my heart to vote against an elimination of taxes on necessities of life, items which are essential to the comfort of the home, and also to vote to retain a cut of 50 percent on furs, jewelry, admissions, and various other luxuries and semiluxuries.

Regardless of whether one is an economist or not, at a period when key industries are producing at about 25 to 30 percent under capacity, what the producing and distributing end of industry needs—and no one else need tell me to the contrary—is customers who are willing and able to buy. Adoption of the amendment would provide such customers, because it would effect reductions in prices of such necessities, and it would stimulate that production. That, of course, would have a tendency to maintain employed labor.

I repeat what I have stated before, that the wealth of the United States, after all, is not in anyone's balanced method of promoting industry and taking care of the taxpayer; the wealth of the country is in the profitably employed time of the American people. When we get away from that basis we get on unsound ground and into an unsound area in tax making.

So I repeat, Mr. President, what industry now needs, and what those who work in industry and those who distribute the products of industry need, is customers who are willing and able to buy. So I shall support the amendment.

Mr. MILLIKIN. Mr. President, I should like to invite the attention of the distinguished Senator from Georgia to the fact that the amendment includes refrigerators, deep freezers, and air-conditioners, which, although highly desirable, can hardly be considered as indispensable necessities.

I also invite attention to the fact that the loss in revenue, if the amendment were enacted, would be about \$205 million, which includes items like those I mentioned, which the Senator may not have included in his compilation.

Mr. GEORGE. My understanding of the provision is that it applies to non-commercial items. They are limited to machines and household appliances of that type.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I yield for a question.

Mr. AIKEN. My question is, if the income to the Government is reduced by \$500 million, or, by subsequent legislation, two or three billion dollars more, will the budget be in balance this year?

Mr. MILLIKIN. I do not think the budget will be in balance. Is the Senator referring to the fiscal year which ends this June?

Mr. AIKEN. No; I mean the coming year.

Mr. MILLIKIN. If the Senator from Vermont is referring to the fiscal year 1955, I do not believe the budget will be in balance then, but I believe and hope very much that we will be in clear sight of being in balance.

Mr. AIKEN. Will the Government have sufficient funds with which to pay its bills as they come along?

Mr. MILLIKIN. Of course I hope so.

Mr. AIKEN. In other words, will it be necessary to increase the debt limit?

Mr. MILLIKIN. That I do not know. I hope not. I think we can solve many of our budgetary problems by making further reductions in expenditures.

Mr. AIKEN. Has the Finance Committee any inclination to favor increasing the debt limit?

Mr. MILLIKIN. I have not heard any change of opinion expressed in the committee.

Mr. AIKEN. Suppose the Government's expenses continue at the same rate, and suppose the revenue decreases, and suppose that along about October the Government runs out of money, and is unable to borrow more money because of the limitation on the debt. What will happen then?

Mr. MILLIKIN. When we reach the point where we cannot borrow more money because of the debt ceiling, we shall have to get permission to borrow more.

I thought the Senator from Vermont was asking about the opinion of the Senate Finance Committee. I reply by saying that I think the Finance Committee now has the same opinion it has had before.

Mr. AIKEN. But if appropriations continue to be large and if the Government runs out of money, will not the ensuing situation be about as bad as any situation an administration could possibly face?

Mr. MILLIKIN. I would not like to face it. The situation may not be as catastrophic, within some limits, as some persons may think. But I prefer not to have the debt limit increased.

The three amendments already proposed or suggested by the Senator from Illinois [Mr. DOUGLAS] would result in revenue losses of \$550 million.

Mr. AIKEN. I should like to know whether the Finance Committee is willing either to have the debt limit raised or to provide sufficient funds for the operation of the Government. I should like to have that information before a vote is taken on the question of any further reductions in taxes, or even before a vote is had on the version of the bill reported by the Senate Finance Committee.

Mr. MILLIKIN. I do not believe the Finance Committee favors increasing the debt limit. I think the committee believes a reduction of taxes is warranted. There is a belief that a reduction of taxes will be an encouragement to business, and will generate desirable forces in the economy. But I cannot say the Finance Committee believes in or would favor an increase in the debt limit.

Mr. AIKEN. That matter has troubled me very much, because apparently, as I understand, some persons are perfectly willing to have the Government's revenue reduced, as opposed to increasing the debt limit sufficiently to make it possible for the Government to have sufficient funds with which to pay its bills. It seems to me that represents a very serious situation which can cause, sometime this fall, extremely serious embarrassment to those in charge of operating the Government, paying the

Government's expenses, and keeping the national economy on an even keel.

Mr. MILLIKIN. The argument which has been well presented by the Senator from Vermont, has also been presented by others.

The theory of the House of Representatives was that a group of taxes is grossly excessive and is hurting business and is causing unemployment.

Mr. AIKEN. In view of the explanation given by the Senator from Colorado, it seems to me the only course for us to follow is to be opposed to any further reductions in revenue, unless we know that the Senate Finance Committee and the other Members of the Senate are willing to provide, either by an increase in the debt limit or otherwise, means for the Government to pay its bills. I do not think we can take any other position and be sound.

Mr. MILLIKIN. I could not state that the Senate feels that way or that the Senate Finance Committee feels that way, and I will not do it.

Mr. THYE. Mr. President, will the Senator from Colorado yield to me?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. MILLIKIN. I yield.

Mr. THYE. Unfortunately, I was obliged to remain, with other Senators, in the Appropriations Committee this afternoon, in hearing testimony on various appropriation items. Therefore, I did not have an opportunity to hear all the explanation of the amendment.

What justification is there for reducing or removing in its entirety the excise tax to which the amendment relates? I think that information will be of help to us.

Mr. MILLIKIN. Let us divide that subject into two parts. First, there is a series of taxes which are higher than 10 percent; they run up to 20 percent—

Mr. THYE. And to 25 percent.

Mr. MILLIKIN. Yes; to 25 percent. The House decided to reduce all of them to 10 percent, because the present tax is exorbitantly high, hurts business, is decreasing employment, and is unfair and inequitable.

Mr. THYE. There is such a tax on telephones. Certainly a telephone call between parents and child could be considered very important, but an excise tax is applied to it.

Mr. MILLIKIN. We have recommended a reduction in the tax on telephone calls, both local and long distance; and we have also recommended a reduction in the tax on telegrams.

Mr. THYE. What are the other items or articles regarding which the Senator from Colorado believes a reduction or the entire elimination of excise taxes is essential to the welfare of the individual or of a particular segment of the economy?

Mr. MILLIKIN. Under the present law, the tax rate on furs is 20 percent. We recommend that it be reduced to 10 percent. It has been shown that 75 or more percent of the benefit of such a reduction will not go to the purchasers

of mink and sable and to other rich persons who may be said to load down themselves with furs, but that the great majority of the revenue from the tax comes from ordinary people who have a piece of fur on a cloth coat.

Mr. THYE. I have received numerous communications from small ranchers who raise mink. They say this tax has been driving them out of business.

Mr. MILLIKIN. Yes; we have received such testimony for several years; I refer to the fur ranchers.

Mr. THYE. Yes.

Mr. MILLIKIN. In the case of the excise tax on costume jewelry, we recommend a reduction from 20 percent to 10 percent. The criticism may be made that such a tax reduction will amount to favoring the rich, the people who virtually cover themselves from wrist to elbow with diamond bracelets, the people who purchase diamond tiaras. However, most of the benefit of that tax reduction will accrue to most of the people who wear costume jewelry.

Mr. THYE. That tax reduction will apply, for instance, to class rings, on which high school graduates today must pay a tax.

Mr. MILLIKIN. That is correct. This reduction involves the entire field of costume jewelry, jewelry for which the women of the country have a great liking. I do not know that some so-called luxury items may not be included, but from 75 to 80 percent of the benefit of this tax reduction will go to the average person. Almost every woman has some jewelry or some piece of fur on some kind of a coat.

Along with furs and jewelry we are reducing from 20 percent to 10 percent the tax on luggage. The item includes handbags and I am sure the ladies will be very pleased to have that reduction.

We recommend a reduction from 20 to 10 percent in the tax on toilet preparations.

Then we come to the manufacturers' excise taxes. We recommend that the tax on sporting goods be reduced from 15 percent to 10 percent. I think that item will be subject to an amendment to be submitted later on.

Next we come to the so-called mechanical pencils and pens and lighters. Pencils and pens are particularly used by children. We recommend that that tax be reduced from 15 percent to 10 percent.

We reduced the excise taxes on electric light bulbs and tubes, which everyone uses, from 20 percent to 10 percent. We reduced the excise tax on pistols and revolvers from 11 percent to 10 percent; on firearms shells and cartridges, from 11 percent to 10 percent; and on cameras, lenses, and film, from 20 percent to 10 percent.

Mr. THYE. In other words, a reduction of 1 percent on certain items such as pistols, shotguns, and the like?

Mr. MILLIKIN. That is correct. It has been suggested that we do away with that particular reduction. I think that subject will be developed by a Senator who will later offer an amendment.

We reduced the excise tax on long-distance telephone calls and on telegrams to 10 percent; on transportation of per-

sons, from 15 percent to 10 percent. Leases of safe deposit boxes we left alone.

Also we have reduced the excise tax on cabarets from 15 percent to 10 percent. It was explained that cabarets are not, as is sometimes said, necessarily places of evil. The hotel industry has rooms devoted to respectable entertainment, which come under the description of cabarets. They employ musicians, cooks, and so forth. So it was felt that there should be a reduction in connection with that item.

The House reduced the excise tax on club dues and initiation fees. The Senate committee restored the tax on those items because it would be a little difficult to make an argument that club dues or initiation fees are really indispensable.

Those are the main categories in which reductions were recommended by the Senate committee.

Mr. LANGER and Mr. LEHMAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield, and if so, to whom?

Mr. MILLIKIN. I yield first to the Senator from North Dakota.

Mr. LANGER. I ask the distinguished Senator if it is not true that our aid to foreign countries this year was roughly \$5 billion?

Mr. MILLIKIN. That is true.

Mr. LANGER. If we cut that in two next year, we can absorb the loss of revenue incident to the pending amendment and all the other amendments which the distinguished Senator from Illinois has offered, and be money ahead.

Mr. MILLIKIN. If we can eliminate many of our expenditures we can get rid of a great many taxes. The point is that that is not the situation at present. We must preserve a sound fiscal and monetary situation from now until then.

Mr. LANGER. We are sending the \$5 billion abroad at the expense of the taxpayers of the United States.

Mr. MILLIKIN. That is correct. The taxpayer pays. There is considerable argument to the effect that we are getting our money's worth, but I think the consensus of opinion is that we should eliminate all general grants of aid and restrict our grants of aid to military assistance and to the less objectionable point 4 programs.

Mr. LANGER. I thank the Senator.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. Earlier in the afternoon I listened to a very interesting colloquy between the distinguished Senator from Colorado, chairman of the Finance Committee, and the Senator from Illinois [Mr. DOUGLAS]. It was argued by the Senator from Colorado that the proposed further reduction in excise taxes would increase the deficit. That was the reason why the Senator opposed it.

Under those circumstances, I was wondering how we could justify the fact that the administration has permitted the excess-profits tax to lapse, which has cost the Treasury of the United States great sums of money. It is now proposed to forgive to a certain extent the tax on dividends paid to stockholders of corporations, again resulting in a

very great loss in revenues and an increase in the deficit. There has been a loss of revenue in connection with other similar taxes; and yet the administration refuses to accept a reduction of this kind, which would help the little fellow.

I wish to say very strongly that I do not believe that an inspiration or impetus to industry will trickle down from the top. I believe it must come from the bottom, through additional buying power on the part of the people. I was wondering how the distinguished chairman of the Finance Committee could justify what he has agreed to—or has not protested against—and oppose the proposed further reduction in excise taxes, not on luxuries, but on necessities.

Mr. MILLIKIN. The Senator asks me to justify it. I find no difficulty whatever.

For example, we are reducing the excise taxes on furs. As I have repeatedly pointed out, that is not limited to mink, sable, and other expensive furs. We are reducing the excise tax on furs from 20 to 10 percent. Who gets the benefit? The millions of women who have an inexpensive fur coat, or a piece of fur on their cloth coats. That is not a benefit which trickles down from the top. That reaches down to the grassroots.

When we talk about jewelry, we are not talking about diamond bracelets, necklaces, or tiaras. We are not talking about women who bedeck themselves with expensive bracelets. We are talking about costume jewelry, which produces from 75 to 80 percent of the revenue resulting from the tax on jewelry. That is not a benefit which trickles down. That affects our ordinary citizens at the grassroots. I am trying to set at rest the argument about benefits trickling down.

We talk about sporting goods. Low-income people, middle-income people, and rich people buy sporting goods, such as baseballs, tennis racquets, and all kinds of game material. That is not a trickling-down operation. That also affects the great mass of the people.

Another example is mechanical pencils and pens. That reduction affects school-children. That is not a trickling down.

Everyone is interested in electric light bulbs and tubes. It is a pretty poor family which does not have some electric lights. They do not represent a luxury item. That is something used generally.

A reduction is proposed in the tax on cameras, lenses, and film. Some cameras are so inexpensive that they can be widely enjoyed. The people who use cameras are, generally speaking, all kinds of people, not merely rich people.

When we come to such items as local telephone calls, they affect the people at the grassroots. The same is true of long-distance calls. I know something about that subject. Women talk to their children by long-distance telephone. When there is sickness, families use the long-distance telephone. The ordinary businessman—not exclusively the rich tycoon—uses long-distance telephone calls. It is absurd to attempt this stratification of society and to say, "This person will use long-distance telephone calls and that one will not." Everyone has occasion to use long-distance telephone



calls. So, these reductions involve no trickling down.

Mr. LEHMAN. Mr. President, will the Senator further yield?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. I want the Senator from Colorado to understand that I have no objection to the proposals to reduce excise taxes on the various classifications he has mentioned. I intend to vote for such reductions. However, if I recall the Senator's argument earlier in the afternoon, it was based exclusively on the theory that the proposed amendments would reduce the revenues of the Government, and accordingly increase the deficit. I wish to get back to the fact that the elimination of the excess-profits tax, which did not benefit the small man in the slightest degree, has cost the Government several billion dollars. I point out to the Senator from Colorado that the proposal to forgive to some extent the payment of taxes on dividends, although it may help me, because I have a substantial income—

Mr. MILLIKIN. We have not done that yet.

Mr. LEHMAN. It will not help the little fellow who has an income of two, three, four, or five thousand dollars, except in the most minor degree. If the Senator from Colorado is so concerned about the deficit—and I, too, am concerned about it—why did he agree to permit the excess-profits tax to lapse?

Why does the Senator from Colorado favor the forgiveness of the tax—the so-called double taxation, although I do not believe it is double taxation—on dividends? It does not seem to me to be a consistent argument for him to make. That is why I shall vote for the amendment of the Senator from Illinois.

Mr. MILLIKIN. The Senator has asked me a question. May I be permitted to answer it?

Mr. LEHMAN. Of course.

Mr. MILLIKIN. The Senator from New York starts out with dividends. Dividends are not in the bill before us. They may be in a bill that will come to us from the House, and goodness knows, we will have plenty of discussion on it when it does come here. I suggest that we consider one thing at a time.

Mr. LEHMAN. How about the excess-profits tax?

Mr. MILLIKIN. Why not ask a majority of the Senate? A majority of the Senate approved the abolition of the excess-profits tax. A majority of the Senate and a majority of the House approved a reduction of the income tax. We said we would reduce taxes. Tax reduction has been accomplished so far as excess-profits taxes are concerned and so far as income taxes are concerned and will be accomplished so far as some excise taxes are concerned. We expect to do more, as the budget situation permits.

I wish to say that I did not exclusively base my argument on the budgetary fact which the Senator mentioned. I am not ready to accept the theory that these tax reductions do not have some uplifting effect. I challenge anyone's authority to say that they will do thus and so in terms of exact number of dollars. However, I would not for a moment accept the theory that if we reduce taxes we do

not help some businesses under some circumstances and in some cases.

SEVERAL SENATORS. Vote! Vote!

Mr. LEHMAN. Mr. President, will the Senator yield for one more question?

Mr. MILLIKIN. Certainly.

Mr. LEHMAN. I wonder whether the Senator from Colorado could inform us how much loss there was to the Treasury of the United States through the lapsing of excess-profits taxes, plus what the loss will be from what appears to be a very likely contingent, the forgiveness of the tax on dividends. Can the Senator inform us as to that?

Mr. MILLIKIN. I shall not discuss the question of dividends, because we have nothing before us which relates to dividends.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LEHMAN. Is it not a fact that those two items alone, plus what is proposed in the pending bill—and I am not opposed to the reduction of excise taxes—would mean a reduction in the revenues of the country of upward of \$6 billion? I believe I am conservative in my estimate.

Mr. MILLIKIN. It would, except for the compensatory value that would flow from a stimulation of business, which no one has been able to figure out.

SEVERAL SENATORS. Vote! Vote!

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. AIKEN. It has been suggested on the floor of the Senate by the Senator from North Dakota this afternoon that these reductions might be made and then sufficient funds could be found to carry on the Government by reducing the appropriations for foreign aid, point 4 programs, and similar programs. Can the Senator from Colorado say whether the President at the present time has authority under the law to withhold expenditures in foreign countries in the event funds are not available for that purpose?

Mr. MILLIKIN. That I do not know. I would doubt it. Of course he acts under the law.

Mr. AIKEN. If the money is not provided, if the debt limit is not raised, if the President is required to make certain expenditures under the direction of Congress, what could he do, and what would happen? That is what I want to know.

Mr. MILLIKIN. I suggest that he would obey the law. I may suggest possibly that the President does not have very much leeway as to when he will spend and when he will not spend. If he needs to spend money for something on which he does not have the power to spend money, let him come to Congress and ask for the power. We can balance the budget by decreasing taxes which hamper business and by decreasing expenditures.

Mr. AIKEN. Particularly foreign-aid expenditures?

Mr. MILLIKIN. The Senator asks, "If, if, if." Well, if we do not decrease expenditures, if the reduction of these taxes does not have a stimulating effect—and I sincerely believe it will have a stimulating effect, although I do not pretend to be able to measure the effect

exactly, and if, if—then we will be in a devil of a fix. However, I cannot accept all the "ifs" as a basis for my action.

Mr. AIKEN. And the man in the White House would be in a devil of a fix. Mr. MILLIKIN. The man in the White House would be in a devil of a fix and so would all of us.

Mr. AIKEN. Does the Senator know of any more effective way of embarrassing him?

Mr. MILLIKIN. No, I do not believe it would be an embarrassment to him, because the White House has joined in the pledge, which has been made, to reduce taxes.

Mr. CAPEHART. Mr. President, I regret exceedingly that it is necessary to vote—if it is necessary to vote—this evening on this amendment, or on any of the amendments. We began the consideration of the bill this afternoon, and apparently we must vote on it today, or on some of the amendments. I realize that the present legislation expires on April 1. However, I wish to invite the attention of the Members of this body to the fact that the bill was reported by the committee on last Friday. Today is Wednesday, and it is 5:30 in the afternoon.

Why we did not take up the consideration of the bill on Monday or Tuesday, instead of taking up what we did take up, which certainly had no expiration date, is something I shall never understand.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SALTONSTALL. In the absence of the distinguished majority leader, who is in California because of his father's illness, I would say that there was an agreement entered into between the majority leader and the minority leader that the New Mexico resolution would be considered on Monday and Tuesday of this week, and that the pending bill, which was reported last Friday, would be debated beginning on Wednesday. That is the schedule which is being carried out at the present time.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. The distinguished Senator from Oregon, the leader of the Independent Party, made a motion to take up the tax bill ahead of the New Mexico senatorial contest, but was voted down.

Mr. MORSE. The Senator from North Dakota is mistaken about that. I have been very much opposed to displacing the statehood bill, and I voted yesterday against displacing it for the pending bill.

Mr. CAPEHART. I should like to have a little more time in which to study the amendment. My State is the largest manufacturer of refrigeration and freezing units and other items covered in the amendment.

During the last 24 hours I have been receiving literally hundreds of telegrams and telephone calls, asking me to vote for the amendment and calling my attention to the fact that there is a great deal of unemployment in Indiana in these industries.

We are talking about durable goods. I believe the State of Indiana is the largest manufacturer of electric refrigerators and of the other durable goods that are involved in the amendment. If it is not the largest manufacturer, it is certainly one of the largest. I should like to have a little more time to determine whether there is a great deal of unemployment in the durable goods industries in Indiana and in other States, and whether eliminating the tax which is sought to be eliminated by the amendment, it will help employment.

I am frank to say that tonight I do not have as much information on the subject as I should like to have and as I hope to have tomorrow.

I am interested in maintaining, so far as possible, full employment in America and in maintaining jobs. We are talking about a 10-percent sales tax on most of these items. Ten percent is a pretty big figure. Ten percent on a \$2,000 automobile is \$200. Ten percent on a \$500 refrigerator is \$50. If it is a fact that there is a great deal of unemployment in the durable goods industry, we ought to take a good look at this matter. I am not saying that there is a great deal of unemployment. I have reason to believe that there may well be, but I do not know.

It may be that I should have gone into this matter earlier. I am frank to say that some of my people in Indiana only today have invited my attention to it as it concerns them, and I have received dozens and dozens of telegrams and many telephone calls.

Mr. MILLIKIN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MILLIKIN. I would remind the Senator that this is the 24th of March. We must get the legislation before the President by April 1. The delay is having a depressing effect on business.

Mr. CAPEHART. I appreciate that. That is why I cannot understand why we have delayed, since last Friday, taking up the bill, and instead, considered another question on Monday and Tuesday. That could have been delayed for 10 days or longer. As it turned out, it might well have been delayed for 10 years. But if the Senate wishes to vote tonight, I shall vote for the amendment.

If I am given an opportunity to check into the whole situation as to how much unemployment there is in Indiana and what effect the amendment will have, I can talk to some of my people in Indiana who have been communicating with me today, and that might well change my mind. I am not saying I shall change my mind, and as it stands at the moment, with the information I now have—and it certainly does not include all the facts—I am inclined to vote for the amendment as well as for the other Douglas amendments, because I am not certain that I agree with the philosophy of reducing excise taxes which are in excess of 10 percent to 10 percent. We are now on a basis where a fur coat has the same excise tax on it as has a refrigerator.

If there ever was any sense in imposing excise taxes in varying degree, 10, 15, 18, and 20 percent, the same prin-

ciple is applicable today. On what basis years ago did we decide that on certain articles there should be excise taxes of 20 to 25 percent, and now say the taxes should be all the same?

Mr. President, I want a little time to think about it, and I want a little time to think about what effect it will have on unemployment in my State. There are possibly seven areas in Indiana at the moment which have been declared to be critical unemployment areas. In Indiana there are large manufacturers employing thousands of persons in the industries which we have been discussing.

I do not like to take this position. I am trying to be practical and fair about it. I hope we may delay the vote on the amendment today, so that we may have an opportunity to study it further. I do not understand the principle of placing refrigerators and other household durable goods on the same basis as long-distance telephone calls. Long-distance calls are used primarily by business concerns. A long-distance telephone call is a business expense, subject to taxation. Every corporation which spends a dollar on long-distance telephone calls pays 52 percent tax. We are now talking of placing durable goods on the same basis. I am not prepared to say that that is the wrong thing to do, and I am not prepared at the moment to say it is the proper thing to do. I wish we might delay the matter until we have a little more time to make up our minds.

Mr. DOUGLAS. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes. The question is on agreeing to the amendment offered by the Senator from Illinois.

SEVERAL SENATORS. Vote! Vote!

Mr. CAPEHART. Mr. President, I am hopeful that we shall not have to vote on the question at this time.

I move that the Senate take a recess. The PRESIDING OFFICER. Is the Senator's motion to take a recess until a fixed hour tomorrow?

Mr. CAPEHART. Yes, Mr. President. I move that the Senate take a recess until 12 o'clock noon tomorrow.

Mr. DOUGLAS. Mr. President, have not the yeas and nays been ordered on my amendment?

The PRESIDING OFFICER. Yes.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Is the motion to recess debatable?

The PRESIDING OFFICER. It is not. The question is on agreeing to the motion of the Senator from Indiana that the Senate take a recess until noon tomorrow. [Putting the question.] In the opinion of the Chair, the "noes" have it.

Mr. SALTONSTALL. Mr. President, I ask that the question be decided by the yeas and nays.

The PRESIDING OFFICER. Obviously, there is a sufficient second. The yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from New Hampshire

[Mr. BRIDGES] the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], and the Senator from Nevada [Mr. MALONE] are necessarily absent.

The Senator from California [Mr. KNOWLAND] has been excused from the Senate because of illness in his family.

Mr. CLEMENTS. I announce that the Senators from South Carolina [Mr. JOHNSTON and Mr. MAYBANK], the Senator from North Carolina [Mr. LENNON], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The result was announced—yeas 1, nays 84, as follows:

#### YEAS—1

Eastland

#### NAYS—84

Aiken	Gore	McCarran
Anderson	Green	McCarthy
Barrett	Griswold	McClellan
Beall	Hayden	Millikin
Bennett	Hendrickson	Monroney
Bricker	Hennings	Morse
Burke	Hickenlooper	Mundt
Bush	Hill	Neely
Butler, Md.	Hoey	Pastore
Butler, Nebr.	Holland	Payne
Byrd	Humphrey	Potter
Carlson	Hunt	Purtell
Case	Ives	Robertson
Chavez	Jackson	Russell
Clements	Jenner	Saltonstall
Cooper	Johnson, Colo.	Schoeppel
Cordon	Johnson, Tex.	Smathers
Daniel	Kefauver	Smith, Maine
Dirksen	Kennedy	Smith, N. J.
Douglas	Kerr	Stennis
Dworshak	Kilgore	Symington
Ellender	Kuchel	Thye
Ferguson	Langer	Upton
Frear	Lehman	Watkins
Fulbright	Long	Welker
George	Magnuson	Wiley
Gillette	Mansfield	Williams
Goldwater	Martin	Young

#### NOT VOTING—11

Bridges	Johnston, S. C.	Maybank
Capehart	Knowland	Murray
Duff	Lennon	Sparkman
Flanders	Malone	

So the motion to recess until tomorrow at noon was not agreed to.

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from Illinois on behalf of himself and other Senators. The yeas and nays have been ordered.

Mr. LONG. Mr. President, I desire to explain briefly my views with respect to the amendment.

If the amendment were agreed to on the floor, other amendments, having equal merit, also should be considered; for example, the amendment to reduce taxes on automobiles.

The adoption of all these amendments together would deprive the Federal Government of between \$600 million and \$800 million in revenue. It seems to me that the Senate should be careful before it undertakes to pass a tax-reduction measure which would put the Government substantially deeper into debt. For my part, if I decided to vote for such a proposal as this, I believe I should do so knowing that I might feel compelled to vote to raise the debt limit. At this point, I have not decided to vote to raise the debt limit. Therefore, I shall vote "no" on this amendment.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.



The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. May I offer an amendment to the amendment?

The PRESIDING OFFICER. The amendment is open to amendment.

Mr. CAPEHART. I offer an amendment to the amendment. The amendment of the Senator from Illinois [Mr. DOUGLAS] would repeal all the taxes. I offer an amendment to repeal 50 percent of the existing taxes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana to the amendment offered by the Senator from Illinois.

Mr. DIRKSEN. Mr. President, certainly there must be a rule with respect to submitting an amendment in writing, if it is demanded, I demand that the amendment be put in writing.

The PRESIDING OFFICER. The Senator from Illinois is correct.

Mr. CAPEHART. Let me say this—

Mr. DOUGLAS. I may say—

The PRESIDING OFFICER. The Senator from Indiana has the floor.

Mr. CAPEHART. I yield to the Senator from Illinois.

Mr. DOUGLAS. On behalf of the sponsors of the amendment, I may say that we will accept the amendment offered by the Senator from Indiana.

The PRESIDING OFFICER. The senior Senator from Illinois is advised by the Chair that the offerers of the amendment may not, except by unanimous consent, accept the amendment to their amendment at this time, because the yeas and nays have been ordered. By unanimous consent, the amendment offered by the Senator from Indiana could be accepted.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that I may be permitted to accept the amendment.

The PRESIDING OFFICER. Is there objection to the request of the senior Senator from Illinois that he may be permitted to accept the amendment offered by the Senator from Indiana to his amendment?

Mr. BUSH. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CAPEHART. Mr. President, a parliamentary inquiry. Do I correctly understand that Senators are estopped from offering an amendment to the amendment of the Senator from Illinois?

The PRESIDING OFFICER. The Chair does not so understand. The amendment is open to amendment, but any amendment would have to be presented in writing, under the rules.

Mr. CAPEHART. The amendment repeals all existing excise taxes on refrigerators, quick-freeze units, electric, gas, and oil household appliances. The amendment I just offered was to reduce existing excise taxes by 50 percent. I now ask unanimous consent to offer an amendment to reduce such taxes 33 1/3 percent.

The PRESIDING OFFICER. The Senator asks unanimous consent that, without offering his amendment to the amendment in writing, he may offer an amendment to reduce the existing tax by 33 1/3 percent.

Mr. DOUGLAS. Mr. President, I object.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	McCarran
Anderson	Gore	McCarthy
Barrett	Green	McClellan
Beall	Griswold	Millikin
Bennett	Hayden	Monroney
Bricker	Hendrickson	Morse
Burke	Hennings	Mundt
Bush	Hickenlooper	Neely
Butler, Md.	Hill	Pastore
Butler, Nebr.	Hoey	Payne
Byrd	Holland	Potter
Capehart	Humphrey	Purtell
Carlson	Hunt	Robertson
Case	Ives	Russell
Chavez	Jackson	Saltonstall
Clements	Jenner	Schoepfel
Cooper	Johnson, Colo.	Smathers
Cordon	Johnson, Tex.	Smith, Maine
Daniel	Kefauver	Smith, N. J.
Dirksen	Kennedy	Stennis
Douglas	Kerr	Symington
Dworschak	Kilgore	Thye
Eastland	Kuchel	Upton
Ellender	Langer	Watkins
Ferguson	Lehman	Welker
Frear	Long	Wiley
Fulbright	Magnuson	Williams
George	Mansfield	Young
Gillette	Martin	

The PRESIDING OFFICER. A quorum is present.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair requests that the Senator from Indiana send his amendment to the desk.

Mr. CAPEHART. It will be completed in a second.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the amendment of the Senator from Minnesota would not be in order, since the amendment offered by the Senator from Indiana is being submitted.

Mr. DOUGLAS. Mr. President, has the Senator from Indiana submitted his amendment?

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. The Senator from Indiana submitted his amendment. The Chair ruled it had to be in writing, and the Senator from Indiana is now submitting it in writing.

Mr. DOUGLAS. Mr. President, has the amendment been submitted in writing?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the amendment of Mr. DOUGLAS on line 10, it is proposed to strike out the word "repealed" and insert in lieu thereof the words "amended by striking out '10 per centum' and inserting in lieu thereof '5 per centum'."

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. I accept the amendment to my amendment and ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered on the amendment now pending, which is the amendment offered by the Senator from Illinois; and no amendment may be

accepted to that amendment except by unanimous consent. The question is—

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The question is on the amendment to the amendment as submitted by the Senator from Indiana.

The Senator from Illinois is recognized. Mr. DOUGLAS. As I understand, the yeas and nays have not been ordered on the amendment of the Senator from Indiana to my amendment. They were ordered on the original amendment.

The PRESIDING OFFICER. That is correct, and the Senator from Illinois was attempting to accept the amendment to his amendment, which the Chair has ruled out of order except by unanimous consent.

Mr. MILLIKIN. Mr. President, I am willing to take to conference the amendment proposed by the Senator from Illinois, although I wish to point out that the House has a firm policy against further reducing rates which it has already passed on.

The PRESIDING OFFICER. The Chair wishes to advise the Senator from Colorado that the yeas and nays have been ordered, and the amendment will have to be voted upon. The amendment offered by the Senator from Indiana will be voted on first and then the amendment offered by the Senator from Illinois, as amended, if it shall be amended will have to be voted upon.

Mr. McCLELLAN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment is out of order.

Mr. McCLELLAN. I ask that it be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and will lie on the table.

The question is on the amendment offered by the Senator from Indiana to the amendment of the Senator from Illinois.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Will the Chair have the pending question stated again?

The PRESIDING OFFICER. The amendment to the amendment has previously been stated, but the clerk will state it again, for the information of Senators who may not have heard its first reading.

The LEGISLATIVE CLERK. On page 1, in line 10, of the amendment submitted by Mr. DOUGLAS, on behalf of himself and other Senators, it is proposed to strike out "repealed" and insert "amended by striking out '10 per centum' and inserting in lieu thereof '5 per centum'."

Mr. CAPEHART. Mr. President, the amendment submitted by the Senator from Illinois, on behalf of himself and other Senators, which it is proposed to amend, will repeal all excise taxes on refrigerators, quick-freeze units, and electrical goods and household appliances.

Under existing law those goods are subject to a 10-percent excise tax. Under my amendment to the amendment

of the Senator from Illinois, they would be subject to a 5-percent excise tax. Under the amendment of the Senator from Illinois, as submitted by him, those goods would not be subject to any excise tax.

Mr. DOUGLAS. Mr. President, I accept the purpose of the amendment, but I should like to point out to my good friend, the Senator from Indiana, that in his speed and haste he has neglected to consider the problem of the floor-stock refunds which are covered on page 2 of my amendment. Lines 12 to 14, on page 2, provide that—

There shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer—

And so forth. Since the taxes which in the past have been paid on present floor stocks have been 10 percent, the amendment of the Senator from Indiana to my amendment would provide for a refund of 10 percent in the case of the tax on floor stocks, or twice the percentage reduction that would take effect when my amendment as amended is enacted.

I hope that the Senator from Indiana, whom I know has moved with much haste in connection with this matter, will correct this.

Mr. CAPEHART. Mr. President, I modify my amendment to the amendment of the Senator from Illinois as follows: on page 2, in line 14, before the words "the tax", insert "one-half" so as to make that portion of the amendment read:

an amount equal to one-half the tax paid by such manufacturer, producer, or importer—

And so forth.

The PRESIDING OFFICER. The Senator from Indiana has a right to modify his amendment to the amendment of the Senator from Illinois, and it is now modified accordingly.

Mr. MILLIKIN. Mr. President, I repeat that, so far as I am concerned—and I think the other members of the Finance Committee take the same position—I am willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Indiana to the amendment proposed by the Senator from Illinois [Mr. DOUGLAS], on behalf of himself and other Senators. [Putting the question.]

The modified amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment submitted by the Senator from Illinois, for himself and other Senators, as amended.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from California [Mr. KNOWLAND] has been excused from the Senate because of illness in his family.

Mr. CLEMENTS. I announce that the Senators from South Carolina [Mr. JOHNSTON and Mr. MAYBANK], the Senator from North Carolina [Mr. LENNON], the Senator from Montana [Mr. MURRAY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I announce further that if present and voting, each of the Senators whose absences I have announced would vote "yea."

The result was announced—yeas 64, nays 23, as follows:

#### YEAS—64

Anderson	Hendrickson	Millikin
Barrett	Hennings	Monroney
Beall	Hill	Morse
Bricker	Hoey	Mundt
Burke	Humphrey	Neely
Butler, Md.	Hunt	Pastore
Capehart	Ives	Payne
Chavez	Jackson	Potter
Clements	Jenner	Purtell
Douglas	Johnson, Tex.	Russell
Dworshak	Kefauver	Saltonstall
Eastland	Kennedy	Schoeppel
Ferguson	Kerr	Smathers
Frear	Kilgore	Smith, Maine
Fulbright	Kuchel	Symington
George	Langer	Thye
Gillette	Lehman	Watkins
Goldwater	Magnuson	Welker
Gore	Mansfield	Wiley
Green	McCarran	Young
Griswold	McCarthy	
Hayden	McClellan	

#### NAYS—23

Aiken	Cordon	Malone
Bennett	Daniel	Martin
Bush	Dirksen	Robertson
Butler, Nebr.	Ellender	Smith, N. J.
Byrd	Hickenlooper	Stennis
Carlson	Holland	Upton
Case	Johnson, Colo.	Williams
Cooper	Long	

#### NOT VOTING—9

Bridges	Johnston, S. C.	Maybank
Duff	Knowland	Murray
Flanders	Lennon	Sparkman

So the amendment, as amended, was agreed to, as follows:

On page 10, after line 8, insert the following:

"SEC. 306. Reduction of tax on refrigerators and quick-freeze units and on electric, gas, and oil household appliances.

"(a) Reduction of taxes: Section 3405 (a) (relating to manufacturers' excise tax on refrigerators and quick-freeze units, section 3405 (b) (relating to manufacturers' excise tax on refrigerating and freezing apparatus), and section 3406 (a) (3) (relating to manufacturers' excise tax on electric, gas, and oil appliances) are hereby amended by striking out '10 percent' and inserting in lieu thereof '5 percent.'

"(b) Floor stocks refund: Subchapter A of chapter 29 (relating to manufacturers' excise taxes) is hereby amended by adding at the end thereof a new section as follows:

"SEC. 3416. Floor stocks refund on refrigerators, quick-freeze units, and electric, gas, and oil household appliances.

"(a) In general: Where before April 1, 1954, any article subject to the tax imposed by section 3405 (a), section 3405 (b), or section 3406 (a) (3) has been sold by the manufacturer, producer, or importer, and is held on such date by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to one-half the

tax paid by such manufacturer, producer, or importer on his sale of the article, if such manufacturer, producer, or importer—

"(1) has paid such amount as reimbursement to the dealer who held such article on April 1, 1954; and

"(2) files claim for such credit or refund before August 1, 1954.

"(b) Definition of dealer: As used in this section, the term "dealer" includes a wholesaler, jobber, distributor, or retailer. For the purposes of this section, an article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made), and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

"(b) Limitation on eligibility: No person shall be entitled to credit or refund under this section unless he has in his possession such evidence of the inventories with respect to which he has made the reimbursements described in subsection (a) as may be required by regulations prescribed under this section.

"(d) Penalties and administrative procedures: All provisions of law, including penalties, applicable in respect of the taxes imposed under sections 3405 (a), 3405 (b), and 3406 (a) (3) shall, insofar as applicable and not inconsistent with this section, be applicable in respect of the credits and refunds provided for in this section."

"On page 10, line 9, strike out '306' and insert '307.'"

Mr. DOUGLAS. Mr. President—

Mr. SALTONSTALL. Mr. President, I am about to move that the Senate take a recess until tomorrow.

Mr. DOUGLAS. Mr. President, will the Senator withhold the motion?

Mr. SALTONSTALL. I should like to make this statement before doing so:

Of course, it is perfectly obvious that we must dispose of the bill by Friday night at the latest. I give notice now that we may have to remain in session at least until this hour tomorrow night, and perhaps a little later, with the idea of trying to complete consideration of the bill tomorrow or Friday.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator include in his motion the hour to which the Senate is to take a recess?

Mr. SALTONSTALL. Until the usual hour, 12 o'clock noon.

Mr. DOUGLAS. Mr. President, I believe the Senator has yielded to me.

The PRESIDING OFFICER. The motion is not debatable.

Mr. SALTONSTALL. Before making the motion, then, I yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, now that the Senate has adopted my amendment, I move that the vote by which the amendment, as modified, was agreed to, be reconsidered.

Mr. JACKSON. Mr. President—

Mr. SALTONSTALL. Mr. President, I most respectfully point out that I did not yield for that purpose.

The PRESIDING OFFICER. The Senator from Massachusetts withheld his motion to recess, and yielded for another purpose. The motion of the Senator from Illinois is not in order.

Mr. MORSE. Mr. President, a parliamentary inquiry.



The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. I say most respectfully to the Senator from Massachusetts that the Senator from Illinois was seeking recognition when the Senator from Massachusetts rose to make his motion to recess. The Senator from Illinois was seeking recognition to make a motion to reconsider the vote by which his amendment, as modified, was agreed to. The Senator from Massachusetts knows that that is a very common parliamentary practice in the Senate. I know that the Senator wishes to be exceedingly courteous and fair in these matters. I think the Senator from Illinois ought to be permitted to follow the usual procedure.

Mr. SALTONSTALL. There is no motion before the Senate. I yield to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Massachusetts withdraws his motion to recess. The Senator from Illinois is recognized.

Mr. DOUGLAS. First, let me thank the Senator from Massachusetts for his courtesy, which is characteristic of him.

Now that the Senate has adopted my amendment, as modified, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. JACKSON. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington to lay on the table the motion to reconsider.

The motion to reconsider was laid on the table.

#### REDUCTION OF EXCISE TAXES—AMENDMENTS

Mr. WILLIAMS. Mr. President, on behalf of myself and the Senator from Virginia [Mr. BYRD], I submit amendments, intended to be proposed by us, jointly, to the bill (H. R. 8224) to reduce excise taxes, and for other purposes. I ask unanimous consent that the amendments, together with an explanatory statement, be printed in the RECORD, for the information of the Senate.

The PRESIDING OFFICER. The amendments will be received, and printed, and will lie on the table; and, without objection, the amendments and explanatory statement will be printed in the RECORD.

The amendments submitted by Mr. WILLIAMS (for himself and Mr. BYRD) are as follows:

On page 2, strike out lines 2 through 5.  
On page 2, strike out lines 6 through 9.  
On page 2, strike out lines 10 and 11.  
On page 2, beginning with line 23, strike out all through line 6 on page 3; and redesignate subsections (d), (e), (f), (g), (h), and (i) of section 201 of the bill to be subsections (c), (d), (e), (f), (g), and (h), respectively.

On page 3, line 9, strike out "503" and insert "501."

On page 7, beginning with line 21, strike out all through "1954," in line 23.

On page 8, strike out lines 7 through 10 and insert the following:

"(a) Tax on sporting goods: Section 3406 (a) (1) (relating to manufacturers' excise tax on sporting goods) is hereby amended by

striking out 'April 1, 1954' and inserting in lieu thereof 'April 1, 1955.'"

On page 8, strike out lines 11 through 15.  
On page 8, strike out lines 16 through 23.  
On page 9, strike out lines 1 through 4.  
On page 9, strike out lines 5 through 12.  
On page 9, strike out lines 13 through 18.  
On page 9, line 19, strike out "305" and insert "302."

On page 10, strike out lines 9 and 10 and insert the following:

"Sec. 404. Effective date of title III.  
"For effective date of this title, see section 502 (a)."

"Section"	Description of tax	Old rate	War tax rate
1700 (a).....	Admissions.....	1 cent for each 10 cents or fraction thereof.	1 cent for each 5 cents or major fraction thereof.
1700 (b).....	Permanent use or lease of boxes or seats.	11 percent.....	20 percent.
1700 (c).....	Sales of tickets outside box office.	do.....	Do.....
1710 (a) (1).....	Dues or membership fees.....	11 percent.....	20 percent.
1710 (a) (2).....	Initiation fees.....	do.....	Do.....
3268.....	Billiard and pool tables; and bowling alleys.....	\$10 per year per table; \$10 per year per alley.....	\$20 per year per table; \$20 per year per alley.....

On page 13, strike out lines 11 through 22.  
On page 14, strike out lines 6 through 12 and insert the following:

"Sec. 502. Effective dates.  
"(a) The amendments made by title III.  
On page 15, line 7, strike out "503" and insert "501."

On page 15, line 20, strike out "subsections (b), (c), and (e)" and insert "subsections (b) and (c)."

On page 16, strike out lines 1 through 16.  
On page 16, beginning with line 17, strike out all through line 11 on page 17, and insert the following:

"Sec. 503. Special credit or refund of admissions taxes.

"Notwithstanding any other provision of law, in any case in which tax has been collected prior to April 1, 1954, at the rate in effect prior to April 1, 1954, for admissions (referred to in section 201, other than subsection (f) thereof, of this act) on or after April 1, 1954, credit or refund (without interest) of the tax collected in excess of that applicable on or after such date shall be allowed to the person who collected the tax, but only to the extent that, prior to the event to which the right to admission relates, he has repaid the amount of such excess to the person from whom he collected the tax, or has obtained the consent of such person to the allowance of the credit or refund."

On page 17, line 12, strike out "506" and insert "504."

The explanatory statement presented by Mr. WILLIAMS is as follows:

#### STATEMENT BY SENATOR WILLIAMS

The attached series of amendments to H. R. 8224 would, if adopted, affect the various excise taxes dealt with in the bill as follows:

- (A) The excise tax rates under the following sections of the Internal Revenue Code would remain the same as under present law:
- (1) Section 1651 (luggage, etc.)
  - (2) Section 2400 (jewelry, etc.)
  - (3) Section 2401 (furs).
  - (4) Section 2402 (toilet preparations).
  - (5) Section 1700 (e) (cabarets).
  - (6) Section 3406 (a) (4) (photographic apparatus).
  - (7) Section 3406 (a) (10) (electric light bulbs).
  - (8) Section 3407 (firearms, shells).
  - (9) Section 3408 (a) (mechanical pencils, pens, and lighters).
  - (10) Section 3409 (a) (matches).
  - (11) Section 2700 (a) (pistols and revolvers).
  - (12) Section 3465 (a) (telephone, telegraph, cable, and radio facilities).

On page 10, beginning with line 11, strike out all through line 10 on page 12.

On page 12, strike out lines 16 through 19.  
On page 12, strike out lines 20 through 22.

On page 12, beginning with line 23, strike out all through line 4 on page 13 and insert the following:

"Sec. 501. Technical amendments.

"(a) War tax rates under section 1650: The table contained in section 1650 (relating to war tax rates of certain miscellaneous taxes) is hereby amended by striking out the following items:

(13) Section 3469 (transportation of persons).

(B) The excise tax rates under the following sections of the Internal Revenue Code would be decreased as proposed in the bill:

(1) Section 1700 (a), (b), and (c) (admissions).

(2) Section 3413 (cutting oils).

(C) The excise tax on sporting goods (sec. 3406 (a) (1) of the Internal Revenue Code), which at present is 15 percent but would otherwise automatically go down to 10 percent on April 1, 1954, is continued at the 15-percent rate for another year, i. e., to April 1, 1955.

#### FEEES FOR LICENSES AND PERMITS ISSUED BY THE FEDERAL COMMUNICATIONS COMMISSION

Mr. POTTER. Mr. President, the Committee on Interstate and Foreign Commerce in executive session today unanimously approved the following committee resolution which I had offered. At the same time it was decided that the chairman of the committee should make known to the members of the Federal Communications Commission the action taken by the committee.

The resolution reads as follows:

The Senate Interstate and Foreign Commerce Committee has taken cognizance of the proposed rulemaking of the FCC with regard to license fees and other related activities of the FCC, and after conducting a preliminary inquiry into the subject matter, has concluded that the proposal for license fees for broadcasting stations raises basic questions with regard to the fundamental philosophy of regulation under the Communications Act, and that any departure from the existing structure of licensing should be resolved specifically by the Congress after the conclusion of our present inquiry: Therefore be it

Resolved, That it is the sense of the Senate Interstate and Foreign Commerce Committee that the Federal Communications Commission should suspend until July 1, 1955, for proceeding involving fees and charges for licenses and permits in Docket No. 10869.

#### SHIP REPAIR FACILITIES IN BALTIMORE

Mr. BUTLER of Maryland. Mr. President, an arrival in Baltimore Harbor today of more than usual distinction is the

great passenger ship *Constitution* of the American Export Lines, built at Bethlehem-Quincy Yard in 1951. This vessel, one of the finest of American passenger liners, with few equals in the whole world today, has come to Baltimore for work to be performed at the Baltimore yard of the Bethlehem Steel Co.

The great port of Baltimore was selected for this purpose because the Bethlehem Steel Co. yard at Key Highway has a drydock particularly suitable for the overhaul of the *Constitution's* machinery being undertaken at this time. This dock, a full 690 feet long, is the largest floating drydock on the Atlantic coast.

This is but another evidence of the fact that we have in Baltimore at this Key Highway yard one of the most modern and efficient ship repair yards in the world, as we have at Sparrows Point—a thoroughly modern merchant shipbuilding yard that has few superiors anywhere. The Sparrows Point yard topped all of the world's shipbuilding yards in 1953, from the standpoint of delivered tonnage.

With all these excellent facilities available in Baltimore, it is close to being a national calamity that both facilities are under the necessity of curtailing activities. This is so because of the present lack of a long-range ship-construction program to keep the American merchant ship fleet abreast of world competition.

Sparrows Point is headed for a complete shutdown by next October unless new business develops immediately. Only five ships—all tankers—remain on its ways. Two will be launched next month, two in May, and the last is scheduled to go overboard in July. By October all of these will have been delivered and, unless new orders are obtained immediately, the yard will be down with only 200 men in maintenance and miscellaneous jobs.

Bethlehem's repair and conversion yard in Baltimore has reduced its force substantially, due to the reduced number of American vessels now in operation, and the trend toward doing large overhaul and conversion jobs at the lower costs in foreign yards.

If we are to save Baltimore from suffering a great economic loss and the Nation a severe setback to its national defense, it is imperative that prompt action be taken to furnish more activity to the great shipbuilding and ship-repair facilities in the Baltimore Harbor.

#### RECESS

Mr. SALTONSTALL. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 31 minutes p. m.) the Senate took a recess until tomorrow, Thursday, March 25, 1954, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 24, 1954

The House met at 12 o'clock noon.

The Very Reverend George Massad, ex-arch emeritus, St. Elijah Orthodox Church, Oklahoma City, Okla., offered the following prayer:

In the name of the Father and the Son and the Holy Spirit now and ever unto ages of ages.

Holy God, Holy Mighty, Holy Immortal have mercy on us.

Lord, our Heavenly Father, before whom every knee must bow and every tongue must confess, the maker of heaven and earth, in Thy name we have gathered and we pray Thou art present in this gathering.

Lord, we pray Thy blessing on the President of the United States, on our Congress, our Cabinet.

Lord, take them as a blank in Thy hand. Fill them with wisdom, that they may do the work which is pleasing in Thy sight. And to Thee we ascribe all glory to the Father and to Thy Son and to the Holy Spirit. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### THE EMPLOYMENT SITUATION

Mr. McVEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McVEY. Mr. Speaker, I have listened to various speakers on the floor of this House who have given us very pessimistic information with regard to the future of employment in this country. Their opinions appear to be based on conditions as they exist at the present. It might be well to review for a moment the condition of employment in this country over the past 14 years.

The Department of Commerce analyzes this subject each month, beginning on the eighth day. These figures are not available for the month of March 1954, but their investigation revealed that on February 8, 1954, there were unemployed in this country 3,671,000. This seems to be a large figure, but I believe one should add that on February 8, 1950, this unemployment figure was 4,684,000. Those who are spreading a dismal policy today fail to mention anything about the unemployment situation in 1950.

Let us go back to March 1940, which is the earliest statistics we have on this situation, and we find that after 6 years of pump priming there were still unemployed in this country 8,360,000. The number of employed at this time is 60,051,000. This is the highest peacetime employment we have had in this country with the exception of the year 1953, which was a banner year.

In considering these facts and these statistics, it seems to me that if we are going before the bar of public opinion in a manner that the thinking people are

going to understand, we have got to make it very clear that we are adjusting ourselves to a peace prosperity. We have been attuned to a war prosperity, and we must get ourselves attuned to a peace prosperity. The previous administration, whose spokesmen are complaining so bitterly about unemployment at present, should recognize the fact that the high level employment which they created was during World War II and the Korean war, and that that prosperity was based upon the blood of our sons who went into battle. Unless we wish to promote that type of prosperity over the broken bodies of our sons in battle, a more reasoning attitude should be taken with regard to the adjustment that is now taking place.

Those who talk of a depression in the near future are going to be sadly disillusioned. The conditions are not here in this country for a depression. The people have a great deal of money in their pockets, banks are bulging with money, credit is strong, and with 60 million or more employed, we can place little faith in those prophets of doom who, for political motives, would attempt to stir up fear and distrust in the minds of our people. It seems to me in this very situation we take a measure of a Congressman and the nature of the representation which he gives to those who have bestowed such honor upon him.

Some may have seen a syndicated article by David Lawrence entitled "Sensational Upturn Forecast." In a subheading he says:

January-February construction figures soon to be revealed called highest in history—record new business seen.

In his opening paragraph of this article he says:

There is something dynamic happening to the American economy right now. It looks as if the business upturn has started. It may result in making 1954 one of the best business years on record.

He goes on to say that the facts are that the latest statistics on construction are sensational in their revelation of an unprecedented building boom. They show that the combined figures for January and February are the highest in all history. The building boom is one indicator only, but when joined with other trends to higher production levels, the whole situation appears to take on a significance which cannot be overlooked.

David Lawrence is by tradition a Democrat. He does not write for political effect, which gives one great confidence in his judgment.

#### DAIRY FARMERS HAVE NOT BEEN GOVERNMENT WARDS

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, in just 8 days—which means April 1—Secretary of Agriculture Benson



will spring the economic hangman's trap on approximately 3 million dairy farmers in the Nation. On April 1, as I have pointed out for the last 2 days, Secretary Benson's order goes into effect for lowering dairy price supports to 75 percent of parity.

I presume that there are many people—including some of my colleagues—who feel that lower dairy support prices will be a blessing to consumers. Let me say that I appreciate and understand the economic plight of the harried housewife; but I do not feel that lowered dairy support prices will be a blessing.

Instead of a blessing, I think we shall be taking the first major step toward an economic tragedy—an economic tragedy that will finally reveal itself in more unemployed industrial workers and silent factory smokestacks.

In recent years much has been made about our so-called surplus of dairy products in the hands of the Government. The dairy surplus has been lampooned in newspaper editorials and cartoons to a point where consumers of the Nation were led to believe that dairy farmers had backed a steam shovel and a thousand trucks up to the Federal Treasury.

What are the facts? Has the dairy farmer been a ward of the Federal Government? I say not. If dairy farmers have been the largest beneficiary of Federal aid, then I cannot find the information. Here are the facts as I have found them:

From October 17, 1933, to November 30, 1953—which is a period of 20 years—the dairy price-support program has cost the Government a total of \$164.3 million. That, my friends, is slightly more than \$8 million a year. Compare this paltry sum of \$8 million a year to the \$40 billions that were given to industry during World War II, after the war and during the Korean war, and then ask yourselves who backed the steam shovel up to the doors of the Federal Treasury? It was not the dairy farmer, I assure you.

As I have said for the past 2 days, the dairy industry and its 3 million farmers face a critical situation. It is for this reason that I introduced a bill—H. R. 8388—to extend the 90 percent support price on milk and butterfat for another 120 days after April 1. I hope that the House Agricultural Committee will report the bill out before April 1 so that we can use this 4-month extension period for the purpose of including dairy products in a general farm bill which will be adopted by this Congress later in the session.

I am inserting a telegram into the CONGRESSIONAL RECORD informing me that 7,998 farmers and other interested persons from Vernon County have signed a 17,281-word telegram to President Eisenhower expressing their views on the lowering of dairy support prices:

[Night letter sent March 17, 1954, from Viroqua, Wis.]

This committee yesterday sent to the President a telegram signed by 7,998 farmers and other interested persons of this area, requesting him to reconsider his decision to reduce price guarantees on dairy products to 75 percent of parity. This petition asked for fair and equal treatment of the dairy industry,

and requested that the whole question of dairy prices be left unchanged, pending re-examination of the entire problem by Congress. We believe that if the President were made aware of the fact that the reduction would cut the income of dairy farmers by one-sixth in a single blow, without any corresponding reduction in their expenses, he would reconsider his decision. It has been remarked already that although the President carried Vernon County by almost 2 to 1 in 1952, the total number of signers on this petition is considerably greater than the vote for Eisenhower in the last election. May we respectfully ask that you make inquiry at the White House about this 17,281-word telegram and advise us of any consideration which may be given to it.

Lester Wood, Chairman; Fred D. Nelson, Secretary; Lincoln Neprud, Martin Gulbrandsen, Arthus Mockrud, Paul A. Dahl, Don Hedding, S. C. Dregne, Stanley Seibon, Ole Hjeltner, J. C. Gillespie, Floyd Burt, E. J. Saugutad, Tilman Moe, Ole Traastad, Art Gillen, Virgil Ammerman, Advisory Committee.

#### PARITY PRICES AND THE DAIRY INDUSTRY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, not so many months ago the people of the Ninth District of Wisconsin electrified the country by electing a Democrat for the first time in the history of that congressional district, the gentleman from Wisconsin, Congressman LESTER JOHNSON, who so ably represents the people of his district and the State of Wisconsin in this body. He has been here for a comparatively short time, but he has made a profound impression upon his colleagues by his devotion to duty and his courage in representing his people.

We were impressed by the speech he made today, the one he made yesterday, and I hope he will continue to make speeches until April 1 in relation to the plight concerning the farmers of our country, particularly those in the dairy industry, because on April 1, unless something is done by the Congress, it is very evident that the plight of the dairy farmer will be terrible, and the plight of the farmers of the State of Wisconsin, particularly in his district, will be bad. The gentleman is fighting most courageously for their interests.

#### DAIRY PRICES

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, I want to express my appreciation, and that of the dairy farmers of Oklahoma, for the fight which my colleague, the gentleman from Wisconsin [Mr. JOHNSON], is waging on behalf of the milk producer.

Action such as the gentleman from Wisconsin [Mr. JOHNSON] proposes is urgently needed to stop the downward trend of farm prices and stabilize our economy. There is no justice or commonsense in 90-percent supports for grains, and 75-percent supports for dairy products. My own bill on this subject would limit the cut in the dairy support price to 5 percent in any year, and in my opinion this represents the very minimum of action which Congress can take to safeguard our farm prices.

The time for action on this vital issue is now.

#### AIR FORCE

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LESINSKI. Mr. Speaker, the recent action of the Air Force to lease an antiquated, outmoded and many times rehabilitated plant at Wood-Ridge in New Jersey is certainly not in keeping with the present administration's desires. We hear talk about critical areas, saving of taxpayers' dollars, New Look, and a lot more for less. Now let us see if this is all true.

Here is a new plant built in Romulus, Mich., at a cost of some \$140 million of taxpayers' money which includes equipment and building complete with facilities, for the purpose of manufacturing jet engines. So what happens? The Air Force leases an old, antiquated, undesirable and completely unrealistically situated plant for the production of engines. To top this, it will have to spend some \$75 million of the taxpayers' money to put it into operation. Now let us compare the two, and see where we stand.

The Wood-Ridge plant is in a congested area, has no test-cell facilities; the area does not have sufficiently trained personnel for the manufacture of jet engines, it cannot expand, the accessibility is poor and on top of that, the lessee does not want the plant. So why, can anyone tell me, is it proper to waste more funds on a facility that is not needed or desired.

At Romulus, Mich., you have a recently completed plant. It is most desirable for the purpose intended, for many reasons. The availability of trained personnel, expansion possibilities, accessibility—new roads—saving of taxpayers' money, it is not in a congested area and has many other features that the Wood-Ridge plant has not.

The President's recent action in making Detroit a distress area has been disregarded. The taxpayers have been disregarded. All of the features that the armed services have looked for in the past in locating new plant facilities have been disregarded. Must be the New Look means no look.

From my personal observation it would seem that the opening of the Romulus plant would be the most practical and desirable undertaking for all concerned.

### GAINFUL EMPLOYMENT FOR BLIND PEOPLE

Mrs. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mrs. CHURCH. Mr. Speaker, in 1936, Congress took cognizance of the limited opportunities for employment of our blinded citizens by passing Public Law 732, permitting blind people to operate concessions in Federal buildings. This worthwhile piece of legislation has proved to be one of the most successful experiments in employment of the blind in our Nation's history.

As progress is made, our Federal statutes must be amended to keep pace. I am, therefore, offering an amendment to the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes" which will, in my opinion, greatly expand the opportunity for employment of the blind.

We realize that not all of the more than 300,000 blind people in the United States can be employed, but we do know that with each one gainfully employed, the possibility of another one of our citizens being placed upon the relief rolls has been eliminated.

This amendment will clarify the original intent of Congress by setting forth a priority for the blind in the operation of a business on Federal properties. It will further expand employment by placing automatic merchandising machines in the category to be managed by the blind. It will centralize the policy-making authority with respect to businesses operated by the blind on Federal property.

We believe that this amendment will provide opportunities for more than doubling the now 568 locations operated by the blind in Federal buildings.

### SPECIAL ORDERS GRANTED

Mr. MAGNUSON asked and was given permission to address the House for 15 minutes on Monday next, following the legislative program of the day and any special orders heretofore entered.

Mr. STEED asked and was given permission to address the House for 10 minutes today, following any special orders heretofore entered.

### EISENHOWER ADMINISTRATION AND REPUBLICAN CONGRESS MAKE HEADWAY IN LOWERING COST OF GOVERNMENT AND IN REDUCTION OF TAXES

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, one of the major planks in my platform when

elected to the 83d Congress was the elimination of waste and extravagance in Government expenditures and drastic reduction of Government costs and a reduction of the tax burden with particular reference to taxes upon the low-income groups. The putting into effect of such a program would bring about stability in Government, head off inflation, and restore a sound fiscal policy which would enable us to balance the budget and live within our income, which must be accomplished if this country is to survive.

We have made much headway in the adoption of such a program under the Eisenhower administration and the Republican Congress. We reduced the Truman budget by some \$14 billion and we have made heavy reductions in expenditures for the coming fiscal year. President Eisenhower, in his address to the Nation, called attention to the fact that \$7 billion in savings have been made by the Republican administration this year. An idea of how large an amount of money the \$7 billion in savings made by the Republican administration in this year's expenditures represented was vividly depicted by Mr. Eisenhower in his tax speech March 15. He gave as examples:

The money American farmers got last year for all the corn and all the wheat grown in our entire country was \$7 billion.

The money Americans pay each year for doctor, dentist, medical, and hospital bills is \$7 billion.

The money Americans paid in all of last year for household utilities and for fuel amounted to \$7 billion.

Without the savings, the President said, there could have been no tax relief for anyone. On January 1 taxes were cut by \$5 billion, and the administration's tax-revision program now before Congress would cut that one and one-half billion more.

Savings have been effected and economies realized in almost every department of Government. Take, for instance, the Defense Department. On March 12, in a Defense Department report, Charles S. Thomas, Assistant Secretary of Defense for Supply and Logistics, said \$500,000 would be saved annually by one instance of simplification of military services' paperwork. The reporting form now in use replaces five others, which the military used to report on the amount of hardware on hand. In addition, approximately 300,000 man-hours of paperwork will be eliminated by the new procedure.

T. Coleman Andrews, Commissioner of the Internal Revenue Service, has recently reported that by next January or not later than January 1956, 35 million American wage earners may be relieved of the duty of filing income-tax returns. Andrews said that a system devised by the Revenue Service makes it possible to figure out a taxpayer's tax from his payroll deductions so that the Government can bill the individual for the amount due. The Commissioner said Congress will be asked to approve the plan, which would save \$25 million. Andrews also said that economies in the office in Washington, D. C., had reduced operating expenses by 25 percent.

Across the country, changes in procedures have effected a 40-percent cut in operating costs, he pointed out. By reducing the Service's regional districts from 17 to 9 a total of \$15,500,000 is being saved annually.

We inherited a bad situation—

Andrews said.

The people in the Service were pretty well demoralized. They were no longer proud to be a part of it because of a handful who had betrayed the trust put in them. We are determined to make that Service one they can be proud of and which the American people can believe to be honest and reasonably efficient. As for efficiency, we have attacked the entire problem of administration with a view of reducing overhead to a minimum.

On January 8, 1953, Lindsay Warren, Comptroller General of the United States, wrote to me with reference to economies effected in his Department, which is a significant achievement in this important agency of the Government. I include the Comptroller General's letter in these remarks:

COMPTROLLER GENERAL OF  
THE UNITED STATES,  
Washington, January 8, 1953.

MY DEAR CONGRESSMAN: A few years ago, during a conversation with several Members of Congress, I was amazed to learn how little information Congress as a whole had about the General Accounting Office and its place in our Government. At the suggestion of those Members I sent a short letter to the Congress pointing up certain facts about the Office which I thought every Member would want to know. Since that time I have sent a similar letter at the beginning of each new Congress. That is the reason for this letter, which requires no reply.

The General Accounting Office is in the legislative branch. It is the agency of the Congress to audit and settle accounts and claims of the Government, and to advise and assist the Congress and the departments and agencies on matters relating to public expenditures. The Comptroller General is appointed for a term of 15 years and cannot be reappointed. He can be removed from office only by the Congress.

I have said on a number of occasions, and I have no hesitancy in repeating it at this time of intense discussion of budgets and expenditures, there is not a department or agency in the Government that cannot reduce the number of its employees, providing there is a will to do so. It is not an easy job, even if you have the will, but I think the results we have achieved in the GAO without any mandate from the Congress furnish ample proof that it can be done. In April 1946 the number of our employees reached a peak of 14,904. There were 6,204 employees on January 1, 1953. This is a reduction of 8,700, or nearly 60 percent, in the last 7 years. Of this number, 779 were transferred to the Post Office Department.

Our accomplishments in reducing personnel have been brought about by constant surveys of our work and the elimination of procedures which serve no useful purpose under present-day conditions. In cases where changes were needed, but legal obstacles precluded them, we asked and received from the Congress revisions in the law. In bringing about changes we have always tried to make sure there would be no loss of control of public funds. There has not been. In fact, the revised procedures are enabling the GAO and the Government generally to do a far more competent job.

I know statistics are dull, but these will give some idea of the volume of our work last year: 21 million vouchers audited; 508,000 claims settled; 264 million checks recon-



cilled; 12,000 decisions rendered to departments, agencies, claimants, and others; inspections made by investigators of 691 different Government offices; 28 audit reports submitted to the Congress, including reports of 1951 audits of all Government corporations; work on accounting systems done in nearly every department and agency of the Government; 820 reports made to the Congress and its committees; and 3,500 replies made to individual members of Congress.

The GAO has continued to make collections of amounts illegally or otherwise improperly paid out far in excess of the cost of operating the office. The GAO is one of the few agencies in the Government that more than pays its way. Collections from 1941 through December 31, 1952, total over \$816 million. It is a fair statement to say that little of this amount would have ever been recovered, except for the work of the GAO. Naturally, I am proud of this record. But, I feel of greater importance is the work the Office is doing to prevent illegal or improvident use of funds by the improvement of accounting and auditing throughout the Government.

In the past few years the GAO has placed a great deal of emphasis on the joint program of the Secretary of the Treasury, the Director, Bureau of the Budget, and the Comptroller General for the improvement of accounting, budgeting, financial reporting and auditing in the Government. Equal emphasis has been placed on the adoption by the GAO of comprehensive and other on-site audits of the departments and agencies. The concepts of these two programs were unanimously adopted by the Congress in the Budget and Accounting Procedures Act of 1950. Remarkable results are being achieved. Although we who are working with the programs every day know we are just commencing to get beneath the surface of many of the problems involved, actual savings already accomplished run into millions of dollars each year. In addition, improved efficiency of operations in the accounting and auditing fields, which cannot always be estimated dollarwise, has been of great significance.

With the tremendous growth of Government activities and their supporting appropriations, we in the GAO are keenly aware of the financial problems facing the Congress. The magnitude of expenditures makes it of utmost importance that the Government seek every possible means of obtaining full value for each taxpayer's dollar spent. In our work, we are making an all-out effort to create a greater cost consciousness on the part of every department, agency, and bureau. This goes not only to keeping the public spending within the laws enacted by the Congress, but to exposing, or better yet, preventing extravagances which, although legal, cannot be tolerated under present-day conditions. Yet you and I both know that economy in Government cannot be accomplished by any one agency or individual. Each and every officer and employee of the Government and each and every citizen must make his contribution, for real results can only be achieved through a day-by-day, continuing attack by all of us.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General  
of the United States.

We are not only making savings and effecting economies in the administration of government here at home but in foreign administration as well. A recent dispatch from London listed some major economies in government abroad as follows:

These thrifty doings are typical of the energetic economy shakedown Uncle Sam's vast

overseas bureaucracy is getting at the hands of the Eisenhower administration.

Here are some of the results of this energetic shakedown:

Up at Burtonwood Airbase in Britain Midlands the United States Air Force has hired 4,000 lower salaried British typists, file clerks, mechanics, and the like to replace GI's. Estimated saving: \$14 million a year.

A new American print shop at Bonn, Germany, now furnishes, at a cost of \$3.50 per thousand, the tons of printed paper forms United States Government agencies all over Europe have been getting direct from the States for \$8.50 per thousand.

A tour of key American installations in Britain and on the Continent shows much moneysaving has already been accomplished. And by mid-1955 Ike's pennypinching will have trimmed hundreds of millions of dollars off United States Federal spending abroad.

The Air Force itself is slated to contribute \$85 million in annual economies with a global scheme to replace costly United States personnel with native workers who can be hired at lower pay rates. Operation Native Son will free 35,000 airmen for use back in the United States.

Some \$36 million of the total \$85 million in the Air Force's expected savings will result from economies here in the European area where 2,300 Frenchmen, 1,500 Germans, and 4,000 Britishers will step into United States airman's jobs.

Most of the 35,000 airmen replaced in this thrift drive will be sent back to the United States to take other jobs in Gen. Nathan Twining's expanding air force.

There's moneysaving afoot in Uncle Sam's big diplomatic stations abroad, too. Over at the United States Embassy in London's Grosvenor Square the number of American employees has been trimmed from 218 to 143 in the past year. And more than 40 of the 259 Britishers working there when Ike took office have been removed from the payroll. These reductions have meant a \$450,000 annual saving.

For instance, one economist now handles the task of keeping track of price and production trends of such commodities as tin and rubber. The work formerly occupied the time of two trained specialists. Uncle Sam used to keep 2 men, 1 in London, and 1 in Bonn, busy plotting the course of international radio channel allocations. Now only the Bonn technician watches the wavelengths.

The London Embassy's stable of 19 cars and trucks has also felt the economy ax. Not long ago four of this fleet were sold and the Department of State got a check for the \$3,406 proceeds. Discharge of four British chauffeurs is saving another \$4,400 yearly.

Recently the American Press, in its issue of March 1954, detailed the results of a poll it took among American country newspaper editors, which are significant and place at the top of the objectives that should be accomplished by the Congress the reduction of Federal spending and the cost of Government, lowering the tax burden and balancing the budget. I quote from this article the listing of the 16 objectives in the order of importance as shown by this poll of these country editors:

#### BALANCE BUDGET AND REDUCE TAXES TWO MOST IMPORTANT JOBS FOR CONGRESS

What are the two most important things for Congress to accomplish at the present session?

That question, included in the American Press editors' poll, brought out about as many different answers as there were replies. But, when tabulated, there were five things which stood out head and shoulders

above the rest, in the opinion of the editors. The five most important things the editors want to see Congress accomplish at this session are, in order of importance:

1. Balance the budget.
2. Reduce taxes after balancing the budget.
3. Work out a satisfactory farm program.
4. Cut Government spending and waste.
5. Strengthen our defenses.

In choosing their two most important matters for Congress to attend to, the majority of these editors who picked "Balance the budget" as one of their choices, picked "Cut taxes" as their other choice. A number of them also mentioned reduce the debt as a most important subject.

Among the other subjects mentioned by a number of editors, in the order of mentions, were:

6. Strengthen and maintain peace.
7. Simplify the tax setup.
8. Cut foreign aid.
9. Pass Bricker amendment.
10. Take Government out of competition with private industry.
11. Prevent depression and unemployment.
12. Stabilize our economy.
13. Curb communism in the United States.
14. Back Eisenhower's program.
15. Increase social-security benefits.
16. Defeat Bricker amendment.

Although no question was asked on the Bricker amendment, over 6 percent of the editors brought it up as a most important question, about three times as many favoring it as opposing it.

Mr. Speaker, when the tax-revision bill was before us last week I took the position that those of us who pledged tax reduction and lowering of the costs of Government in our campaigns were in duty bound to vote for the proposed amendment of that bill to increase personal income exemptions from \$600 to \$700, which would have given taxpayers a break, and particularly would have helped the low-income groups who must depend upon their meager earnings to support themselves and their families. As I pointed out then, these exemptions were originally \$4,000 for a married man and have now been reduced to \$1,200, owing to pressure of war requirements for heavy taxes. Since the war is ended and we are in a peace economy, we should increase these exemptions in order to give protection to the needy families in the low-income groups. This position is confirmed by the poll from the country editors to which I have just referred.

I hope that the Congress before it adjourns will effect many more substantial economies in the costs of Government, reduce the heavy tax burden now threatening to engulf our citizens, and restore the country to a sound fiscal policy.

#### ENCOURAGEMENT TO THOSE FIGHTING COMMUNISM

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, to revise and extend my remarks and include certain additional material.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, some of the pack which so successfully in the thirties and early forties hounded those who suggested that Communists had been and were infiltrating our Government are again in full cry after those who believe in America, the way in which its people live, and the principles of the Constitution.

Some of those who are now so bitter, so unreliable, so biased, and so prejudiced against anyone who ventures to suggest that our efforts to fight communism should not be confined to the fields chosen by Stalin and his successors, daily by direct charge and sly innuendo seek to tear down and ostracize loyal, patriotic citizens, especially one who is direct, forceful, and successful in his methods.

Apparently, a few, jealous of the high regard in which patriotic Americans hold him, seem to be trying to trail with the pack, taking a procedural shortcut now and then to hinder, if not to block, the Red hunting.

Well do I remember when some of these same columnists and publications were just as bitterly, just as unfairly, just as shamefully, and just as falsely attacking our colleague from Texas, MARTIN DIES. They made life unpleasant for our then colleague, Joe Starnes, of Alabama. They finally "got" our colleague John Rankin, of Mississippi, and Felix Hébert, of Louisiana.

Yes; they even howled on the trail when our Vice President insisted that the truth be known and with Whittaker Chambers and others insisted upon exposing Alger Hiss.

The procedure is nothing new, nor are the methods nor is the lack of truth. To me, the only amazing thing is the fact that some intelligent, patriotic people who should know better join in the squalling and the bawling to silence those who are attempting to expose Communists in the Federal Government.

For myself, even though procedure and methods can be criticized; while I will, if occasion offers, suggest better procedure; but so long as the Red menace threatens us here at home, I will go along with Joe, not the good old Joe of Truman but the Joe in whom so many Americans have faith.

Nor will I be led astray or listen to the sounds of a sham battle as to the leadership of the Republican Party attempted to be staged by those who appear to be annoyed by exposure of Communists.

In his article, printed herewith, published in yesterday's papers, David Lawrence again clearly laid the issue on the line.

It reads as follows:

**MCCARTHY NEARS MARTYRDOM—HE WILL DRAW BIG CROWDS IN THE COMING CAMPAIGN, AND HE CAN THANK CRITICS FOR THE BUILDUP**  
(By David Lawrence)

Maybe those who are ganging up on Senator McCarthy nowadays in Washington and elsewhere will succeed in making him a martyr—and then a hero. This is, of course, far from their intent. But their methods and tactics could bring about that result just as happened in the case of another Wisconsin Senator more than three decades ago.

Senator Robert M. La Follette, Sr., Progressive Republican, was denounced from one end of the country to the other because he didn't believe in the issues on which World War I were being fought. His speeches during the war were so unpopular with the people generally that both Republican houses of the Wisconsin Legislature, by majority vote, and the Republican Central Committee of that State petitioned the United States Senate to expel him. The resolution was introduced, referred to a committee, and was never acted upon by the Senate. Senator La Follette was antiwar, but was regarded by some people as actually obstructing the war effort itself.

In 1920, however, just after the war ended, Bob La Follette was reelected Senator from Wisconsin by the biggest majority he ever got, and in 1924 polled nearly 5 million votes as a third-party candidate for the Presidency. Calvin Coolidge was elected, but he won the electoral votes of 12 States west of the Mississippi by less than a majority of the votes in those States.

When President Truman went to Wisconsin in recent years to campaign, he extolled Bob La Follette as a great hero and said he hoped that Wisconsin would breed more La Follettes. Thus are martyrs converted into heroes as time passes.

Now the analogy extends only to the fact that Senator McCarthy is being denounced by opponents in just as intemperate a vein as was Senator La Follette, but it merely won the latter more and more supporters.

History may repeat itself. For the opponents of Senator McCarthy are overreaching themselves and causing more bitter cleavages than they realize. The other day a prominent Protestant clergyman in a nationally known church in New York attacked the Catholic Church as giving birth to such men as McCarthy. This regrettable assault on the Catholic religion was promptly repudiated editorially by two very important newspapers which have been bitterly opposed to Senator McCarthy but who deplored the raising of this issue.

Some of the big Protestant Church organizations have lately been getting into the fray with resolutions that border closely on church intervention in politics. The lack of restraint on the part of the critics is a cause for concern.

Senator McCarthy's views or his attitude in committee work can hardly be made the basis of his expulsion from the Senate despite the fact that he has incurred enmities by his vigorous fight against Communists in the Government. Some of the critics are indulging in the same smear tactics and the same intolerance which they attribute to congressional committee hearings. Examining some of the expressions of opinion one reads or hears against McCarthy, it might appear that Senators can be thrown out of the Senate just because they utter unpopular views. It seems to be forgotten that anything a Senator chooses to say at a committee hearing, he can also say in a speech on the floor of the Senate, and there is no rule by which he can be punished for freedom of expression.

Not so many years ago Senator Heflin, Democrat, of Alabama, got up in the Senate nearly every week for a long time and repeatedly made bitter attacks on the Catholic Church as an institution. His words were unwise but nobody rose to say he should be expelled from the Senate or disavowed by his party. There have been many excesses on the part of Members of Congress in the past, particularly by investigating committees, but when the advantage politically was on the other side, the so-called liberals did not inveigh against methods or demand fair codes of procedure. A case in point now is the fact that, despite charges of fraud in the New Mexico election, Senator CHAVEZ, Democrat, today is permitted to vote

in the Senate. Yet Senator McCarthy is supposed to absent himself from a committee of which he is chairman.

When a man as pugnacious as Senator McCarthy is attacked, naturally he will fight back. For many weeks now the anti-McCarthy folks have been goading the President to have a knockdown, drag-out fight with the Wisconsin Senator. Mr. Eisenhower didn't have to add fuel to the flames at every press conference in recent weeks, but he has hardly failed each time to fall for the efforts of the leftwing to get him into the headlines on the anti-McCarthy side. Naturally the Wisconsin Senator isn't going to stand for a purge any more than Democratic Senators have in the past when Democratic Presidents have gone even further in trying to read them out of the party.

The Democrats have played the game shrewdly. They knew that the Truman holdovers in Washington and a sympathetic press corps would keep the McCarthy issue alive and now the anti-McCarthy partisans are rejoicing. The Democrats think they have damaged the Republican Party and made it easier for the Democrats to return to power. The anti-McCarthy Republicans think they have overnight, by merely denouncing McCarthy, driven away from him many millions of Republicans who have been his followers. But it must not be forgotten that there are millions of Democratic voters who will cross over to the Republican Party to help elect candidates for Congress who are determined to root out Communists in the Government and to expose those who protected them in the past. The Wisconsin Senator in the 1952 primaries had an overwhelming majority, and much of it came from Democrats who voted for McCarthy in the Republican primaries. He certainly will draw big crowds in the coming campaign and he can thank his critics for the buildup they have given him.

#### CAMP BUTNER MILITARY RESERVATION, N. C.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5632) to provide for the conveyance of a portion of the Camp Butner Military Reservation, N. C., to the State of North Carolina, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 4, after "range" insert ", subject, however, to reservation in the United States of all mineral rights, including gas and oil, in the land authorized to be conveyed by this act."

Page 2, lines 9 and 10, strike out "for a period of 3 successive years."

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

#### LEAHI HOSPITAL

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6025) to authorize the Secretary of the Army to grant a license to the Leahi Hospital, a nonprofit institution, to use certain United States property in the city and county of Honolulu, T. H., with a Senate amendment thereto, disagree to the



Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: MESSRS. SHAFER, JOHNSON of California, DEVEREUX, BROOKS of Louisiana, and DURHAM.

#### LAKE OF THE WOODS

Mr. HAGEN of Minnesota. Mr. Speaker, having cleared the matter with all concerned, I ask unanimous consent that the bill (H. R. 2098) be withdrawn from the Consent Calendar and the Union Calendar and be recommitted to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### COMMITTEE ON VETERANS' AFFAIRS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may have until midnight tonight to file reports on H. R. 8044 and H. R. 8180.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### GENERAL LEAVE TO EXTEND REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill H. R. 8152, which is about to be considered by the House.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

#### CONTINUATION OF DIRECT LOAN PROGRAM TO JUNE 30, 1955

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 480.

The Clerk read the House resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Veterans' Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted

and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH].

#### CALL OF THE HOUSE

Mr. HAYS of Ohio. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 39]

Albert	Graham	Mason
Allen, Ill.	Hardy	Miller, N. Y.
Bentley	Harrison, Va.	Morgan
Bolling	Hart	O'Konski
Boykin	Heller	Patten
Bramblett	Hillings	Powell
Brown, Ohio	Hoffman, Ill.	Regan
Busbey	Hollfield	Rivers
Celler	Holt	Roberts
Chelf	Holtzman	Rodino
Clardy	Hope	Smith, Kans.
Colmer	Ikard	Sutton
Coudert	Jensen	Thompson, La.
Dingell	Kelley, Pa.	Velde
Ellsworth	Kersten, Wis.	Weichel
Evins	King, Pa.	Westland
Fernandez	Lyle	Wilson, Tex.
Fogarty	McMillan	
Gavin	Martin, Iowa	

The SPEAKER. Three hundred and seventy-three Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### CONTINUATION OF DIRECT LOAN PROGRAM TO JUNE 30, 1955

Mr. NICHOLSON. Mr. Speaker, this resolution makes in order the bill (H. R. 8152) to extend for 1 year the time within which veterans can get loans directly from the Administration, provided they cannot make their loan through private enterprise. It is an open rule; all points of order are waived.

This about sets forth the purpose of the bill. The law already is on the statute books. All the bill does is to extend the time to 1955.

Mr. SMITH of Virginia. Mr. Speaker, I yield 7 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Speaker, I want enthusiastically to endorse H. R. 8152, which is a bill to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs, and to make additional funds available therefor, and for other purposes.

Mr. Speaker, I want at this time to congratulate the gracious chairman of the Committee on Veterans' Affairs and to point out to the House that I think perhaps it is the only committee of the House in which there is an even division of both Democrats and Republicans. This gives you some idea of the unanimity with which we agreed upon this particular bill. It has the unanimous support of our committee.

I wanted particularly to take this time to talk to you about the value of this great program to my own particular district.

I come from the Eighth Congressional District of Florida, which is a rural district. There are 15 counties in the congressional district that I represent, and in a majority of these counties we find only one bank or lending institution. The limited capital available for loans in these banks is generally not enough to meet all the needs of our farmers and small-business men for the purposes of general farming and business loans. The direct loan program to our veterans, which is to be extended in H. R. 8152, is of great value to the people in my district because we are far removed from the great lending institutions, and it is very difficult to find private capital for the construction of GI homes. As we know, this great direct loan program is available to our veterans only if they are incapable of getting the same loan through the resources of a private institution. In passing, I want to praise the character of our veterans who have borrowed money through the direct loan program. As of the end of December 1953, there were 1,284 direct loans in default, of which only 158 were 4 or more installments in default; or four-tenths of 1 percent of the 39,904 direct loans outstanding on that date. As I understand, there have only been 61 foreclosures in the whole direct home loan program. Surely the veterans of our country who are eligible for these direct loans have proved themselves to be superior credit risks.

I want to state specifically the facts about the operation of this direct home loan program in the State of Florida. There are two Veterans' Administration offices in Florida that take applications for the direct loans. They are located in Miami and Jacksonville. As of January 31, 1954, the total number of applications received was 268 in Miami, and 1,375 in Jacksonville. Of this total, the number rejected or withdrawn was 86 at Miami, and 566 at Jacksonville. The number of loans fully disbursed was 112 at Miami, at 4-percent interest, and 2 at 4½-percent interest. At Jacksonville the number of loans totally disbursed was 665 at 4-percent interest, and 26 at 4½-percent interest.

As of January 31, 1954, the total amount of money that had been allotted to the Miami office was \$1,874,275, and to the Jacksonville office, \$6,624,009. At Miami, of the total of 114 loans outstanding as of March 12, 1954, there were only 3 loans in default, and in all 3 instances they were in default for a period of 3 months or less. At the Jacksonville office on the same date, we find that out of 670 loans outstanding, there are only 12 in default, and all 12 are for 3 months or less. Neither of our offices in Florida has ever found it necessary to foreclose or voluntarily convey a GI mortgage.

All last year in our Committee on Veterans' Affairs we wondered why, with this wonderful credit record, our veterans were still having great difficulty in finding loans to finance their homes. Surely the great lending institutions of our

country could well afford, despite perhaps some of the extra red tape involved, to go into the rural areas and make loans available to our veterans. Despite the fact that the interest rate has been increased now to 4½ percent and despite the fact that home construction is one of the greatest factors in boosting our economic prosperity, we still find thousands of GI's who are good credit risks but who find it impossible to get money to build their homes.

To emphasize the need for the continuation of this direct-loan program, I should like to emphasize the Florida situation as of March 12, 1954. In the Miami office, there were 500 applications pending, and of this number, the VA officials have estimated that at least 300 of these applications could be approved immediately if funds were available. At the same date, in the Jacksonville office, there were 987 applications pending, and of this number, it has been estimated that 592 applications could be approved immediately if the funds were available.

Mr. Speaker, that means that in Florida there are 892 veterans at the present time with families, good credit risks, who want to build a home, but who cannot build one because financing is not available. I cannot stress too much the challenge to our great private lending institutions to look into this field of direct loans for veterans who live in the rural areas. Someone has said that when the conscience of the people does not bring forth proper action, in a democracy the people call on the Government to provide that action. Why does the Government have to stay in this business of direct loans to veterans when, surely, this guaranty program is a splendid field of private capital venture? If anyone would criticize the Federal Government's participation in this program, I think surely the answer is that the Government will have to continue participating in this program so long as worthy veterans who are good credit risks and who want to build homes cannot find it possible to interest private capital in making the necessary money available to them.

Mr. SMITH of Virginia. Mr. Speaker, I have no further requests for time on this side. I know of no opposition to either the rule or the bill.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the con-

sideration of the bill H. R. 8152, with Mr. SADLAK in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HAND. Mr. Chairman, I am herewith including in the CONGRESSIONAL RECORD a recent radio address made by me on certain tariff problems as they affect our industries in southern New Jersey. The address follows:

#### GLASS, TARIFF, AND SOUTH JERSEY

During the past several days I have had the opportunity to study the report of the Commission on Foreign Economic Policy, known as the Randall report. I found the report a maze of contradictions and dissents. Its conclusions point to the need for further protecting American industry, farmers, and workers, while its majority recommendations urge the lowering of our protection against a flood of low-cost competitive imports.

In the limited time available to me, I shall not try to comment on the entire report. However, I am deeply concerned with one proposal that came out of the Commission's study—the proposal that certain expendable United States industries should surrender to import competition and shift their production and their workers into other fields.

Is it the intent of those making this proposal that the American glassware industry should be considered in this expendable category? True, it is a relatively small industry. But this industry and its workers have equal competitive rights with all industry.

It is essential to the national security. During World War II the Nation turned to the glassware industry to meet the sudden vital need for electronic glass—for radio, radar, and television tubes, and for medical and other equipment. It is obvious that the growing necessity for electronics in defense would make these products even more vital in the event of national emergency.

What has already happened in this industry as a result of low-cost foreign imports? Imports now take up 40 percent of the hand-made United States market. The American industry has shrunk by half just since 1946, and has no export market. The uncertainties created by further tariff reductions might mean ruin for the industry.

The big advantage to foreign producers in the glassware industry, as in many other industries, lies in wages. The average wage in the United States is \$1.65 an hour. This is 3 to 4 times the average wage for similar work in England, Germany, Italy, and Japan.

The handmaking of glassware represents one of the Nation's oldest and most highly skilled trades. It requires several years of apprenticeship to learn techniques which require the highest type of craftsmanship. The average earnings of glassblowers today range from \$100 to \$150 a week. These workers have acquired their skills through years of training and experience. They cannot be expected to shift suddenly to new jobs, learn new trades, accept reduced wages, even face unemployment—and give up high-earning power and a good standard of living gained for themselves and their families through their own skill and initiative.

The future of the industry is a matter of concern not only to the present workers. It presents a question to many young people who now see in the craft not only a means of employment at good wages but a source of personal satisfaction in their work, flowing from a deep human need for creative expression. Handmade glassware is a product of creative art. The satisfaction of the creator becomes part of the satisfaction of the owner.

A short time ago, Mr. Speaker, I saw in the newspaper a picture of a 12½-inch cup vase, presented to the President by members of his Cabinet on the first anniversary of his Presidency of our great Nation. This beautiful piece of glassware is a product of our American industry, created by members of the American Flint Glass Workers Union. But it symbolizes more than a beautiful piece of glassware. It is part of our American cultural heritage.

We must not brush aside the creative genius, the investment of lifetime skills and management experience represented in the glassware industry. I will not brush aside the jobs, the homes, and the lives of my people engaged in making glass. We must not sacrifice these to cheap foreign imports. We must instead take steps to preserve and nourish this essential domestic industry—vital to our economic diversity, our cultural growth, and to our national security.

I have talked at some length about glass because this large and important industry in our area is now and will be threatened by free-trade policies. Handmade glass is perhaps more seriously affected, but foreign imports are beginning to threaten plate glass and window glass and, if I read the signs correctly, it is only a matter of time before the entire glass industry will be involved in competition with the products of poorly paid labor in Europe and Asia.

It is a matter of common knowledge what is happening, and what is going to happen to shoes, watches, and numerous other products. In our own area, imports of textiles and fabrics impose an impossible burden on local manufacturers. For example, a manufacturer of fabrics in our district recently showed me samples of imports from Europe which are being brought in at a selling price, which is far less than his actual cost of production. He cannot pay the people who work for him four times as much as the European worker gets and successfully compete. That is as simple as A B C.

Yesterday, I had a letter from an old established firm manufacturing machinery. Just recently this firm had lost an order for a \$12,000 machine due to a 40 percent more favorable price from a foreign competitor. The foreign price was less than the cost to produce in this country.

To go outside of our own area for a moment, one of the largest American manufacturers of heavy electrical machinery, employing in this branch of their business alone some 25,000 skilled and highly paid workmen, has recently lost \$8 million in orders from the United States Government because of lower bids by foreign competitors. I have had some experience with this in the work of my own committee, where huge generators required in hydroelectric installations built by the Government have been purchased from abroad rather than from our own companies employing our own people.

The problem of the low-paid worker is intensified by the fact that the foreign plants are frequently subsidized by their governments, and what is even worse, as a result of our foreign-aid program, are in effect subsidized by this Government. Instances can be multiplied where the United States has actually furnished without cost the machinery now being used to beat down competition from American firms.

No matter how well-meaning our efforts are to rehabilitate the rest of the world, the



fact is that we are doing it at the expense of many local small businesses. When these small businesses suffer a reduction in their sales because of this situation, or when they are driven to the wall as inevitably they will be—the employees are going to have to find other jobs. I warn the workingmen and workingwomen of our area that in many industries their livelihood is faced with the increasing danger of competition from low-paid foreign workers. They had better stop and realize that reciprocal trade is very definitely not reciprocal as far as they are concerned.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield myself 5 minutes, and yield the balance of my time to the chairman of the subcommittee having this legislation under consideration, withholding 2 minutes before the close of debate.

Mr. Chairman, the purpose of this bill is to authorize not to exceed \$100 million additional for the revolving fund for the purpose of making direct home and farmhouse loans to veterans under the Servicemen's Readjustment Act, and to extend the authority for operations to June 30, 1955. The present authority expires June 30, 1954. The maximum amount of any loan is unchanged from the previous limit of \$10,000 though the average amount is \$6,890, and as you know, the loans are limited to nonmetropolitan areas.

This program has worked extremely well and it is important to point out in the very beginning that at the present time the default rate is only four-tenths of 1 percent, which I think we can agree is a very, very small rate.

It is important that the Congress and the country know, too, that this is a program on which there is definitely accruing a profit to the Treasury. We hear much about the cost of the veterans' program. Here is a veterans' program which is making a profit for the

taxpayers. On an investment of approximately \$350 million, assuming a loss ratio of approximately 5 percent, assuming further the loans will be held to maturity, it is estimated there will be a profit of approximately 20 percent on this amount, or \$70 million to the Treasury. This is to be based on an average payment to the Treasury of 2½ percent for the money which the veteran now pays 4½ percent, formerly 4 percent. If the loans are repaid earlier, say in 12 years, there would still be a profit of somewhere between forty-five and fifty millions of dollars. This is a real contribution, not only to the welfare of the country but to the Treasury of the United States.

The original authorization came in the 81st Congress and extended to June 30, 1951, when \$150 million had been used. This was renewed on September 1, 1951, on a revolving fund basis with the provision that \$25 million would be added each quarter less proceeds of direct loans sales in the preceding quarter. Last year we extended this same law, \$25 million quarterly limitation, until July 1, 1954. Incidentally, this idea of a quarterly allocation, less sales, originated with the gentleman from Indiana [Mr. ADAIR]. This feature has worked well.

It cannot be stressed too often that the Veterans' Administration is empowered to make a direct loan only after it is determined that private capital is not available. In practice, under existing law, whenever an eligible veteran makes an application for direct loan and is found to be basically qualified, he must show that he is unable to obtain a 4½-percent loan from private lending sources in the area. It is only after private sources have proved unavailable that the Veterans' Administration makes

a loan in a designated area. As of January 31, 1954, 43,198 loans had been made in the average amount of \$6,890 each. Five hundred and nineteen of these loans have been repaid in full; 61 have been foreclosed or voluntarily curtailed; and only 163 were in default, or four-tenths of 1 percent.

The need for this legislation is indicated by the Veterans' Administration report which, among other things, points out:

A further improvement in the supply of private funds for GI loans in 1954 appears likely but the possibility is remote that such funds will become available to any considerable extent in the rural areas where private capital has never been generally available for financing loans to veterans. This, together with the fact that the magnitude of the waiting list of veterans applying for direct loans in eligible areas has increased during the past year suggests that there is a continuing need for direct loans.

The Veterans' Administration has also pointed out that—

It would appear that private lending sources are not yet able to supply funds for loans to veterans in most rural or semirural areas at interest rates comparable to that for VA guaranteed loans.

The Veterans' Administration has also recommended that an extension of at least 1 year be voted.

Because of the excellent history enjoyed by this program, and the conservative management which has been given since the date of its inception, I hope that the House will speedily pass this bill and that we may see it enacted into law before much more time has elapsed.

Under unanimous consent, Mr. Chairman, I insert at this point as a part of my remarks the latest statistics on the direct loan program showing the amounts of loans in each of the individual States:

Direct loan program as of Jan. 31, 1954

Location	Fully disbursed loans		Terminated loans				Loans out- stand- ing	Loans in default			Applications in process— funds reserved	Applications awaiting process- ing and veterans on wait- ing list <sup>1</sup>
	Number	Average amount	Sold		Repaid in full	Fore- closed or volun- tarily con- veyed		Total	4 or more install- ments			
			Number	Percent of fully disbursed loans					Number	Percent of out- standing loans		
Total.....	43,198	\$6,890	1,709	4.0	519	61	40,909	1,475	163	0.4	7,042	<sup>2</sup> 32,438
Alabama: Montgomery.....	1,745	7,284	1	.1	14	2	1,728	79	9	.5	209	1,378
Alaska: Juneau.....	436	8,778	0	—	9	1	426	—	—	—	41	92
Arizona: Phoenix.....	210	7,012	3	1.4	2	0	205	4	0	—	40	384
Arkansas: Little Rock.....	1,090	6,539	19	1.7	11	0	1,060	22	2	.2	116	577
California:												
Los Angeles.....	219	8,154	11	5.0	2	0	206	5	1	.5	55	10
San Diego.....	243	8,396	0	—	3	2	238	3	0	—	36	0
San Francisco.....	573	8,869	0	—	7	0	566	15	2	.4	131	426
Colorado: Denver.....	626	7,066	19	3.0	10	4	593	18	1	.2	57	<sup>2</sup> 439
Connecticut: Hartford <sup>1</sup> .....												
Delaware: Wilmington <sup>1</sup> .....												
District of Columbia: Washington <sup>1</sup> .....												
Florida:												
Miami.....	114	8,792	0	—	0	0	114	3	0	—	66	449
Pass-A-Grille.....	691	7,705	15	2.2	6	0	670	12	0	—	109	<sup>2</sup> 741
Georgia: Atlanta.....	1,635	6,739	3	.2	17	1	1,614	141	6	.4	219	2,851
Hawaii: Honolulu <sup>2</sup> .....												
Idaho: Boise.....	361	7,318	77	21.3	1	0	283	4	2	.7	11	107
Illinois: Chicago.....	1,473	6,880	155	10.5	11	4	1,303	62	5	.4	565	1,588
Indiana: Indianapolis.....	1,546	5,936	146	9.4	21	1	1,378	52	10	.7	111	1,191
Iowa: Des Moines.....	1,039	6,417	70	6.7	15	0	954	24	1	.1	177	109
Kansas: Wichita.....	475	6,868	135	28.4	3	0	337	12	1	.3	62	231
Kentucky: Louisville.....	2,682	6,347	2	.1	30	10	2,640	62	7	.3	298	<sup>1</sup> 1,578

<sup>1</sup> Applications on hand awaiting preliminary clearance plus veterans waiting to file applications.

<sup>2</sup> Data as of Dec. 31, 1953.

<sup>3</sup> No portion of region eligible for direct loans.

## Direct loan program as of Jan. 31, 1954—Continued

Location	Fully disbursed loans		Terminated loans				Loans out-standing	Loans in default			Applications in process—funds reserved	Applications awaiting processing and veterans on waiting list
	Number	Average amount	Sold		Repaid in full	Fore-closed or voluntarily conveyed		Total	4 or more install-ments			
			Number	Percent of fully disbursed loans					Number	Percent of out-standing loans		
Louisiana:												
New Orleans	859	\$7,343	0		11	0	848	7	0		127	1,084
Shreveport	610	6,972	0		9	1	600	23	3	0.5	90	416
Maine: Togus	457	5,392	141	30.9	10	1	305	7	0		73	55
Maryland: Baltimore	468	7,567	29	6.2	9	1	429	16	4	.9	36	150
Massachusetts: Boston <sup>1</sup>												
Michigan: Detroit	1,043	7,009	18	1.7	4	0	1,021	44	1	.1	353	1,100
Minnesota: St. Paul	867	6,714	5	.6	10	3	849	47	4	.5	93	70
Mississippi: Jackson	1,672	7,331	18	1.1	9	3	1,642	53	7	.4	172	1,359
Missouri:												
Kansas City	603	6,697	6	1.0	10	0	587	15	0		79	865
St. Louis	866	6,533	7	.8	11	0	848	16	1	.1	174	471
Montana: Fort Harrison	847	7,034	52	6.1	21	1	773	9	0		80	504
Nebraska: Lincoln	551	6,813	21	3.8	15	0	515	0	0		49	70
Nevada: Reno	229	8,164	0		3	0	226	2	0		49	230
New Hampshire: Manchester <sup>1</sup>												
New Jersey: Newark <sup>1</sup>												
New Mexico: Albuquerque	528	7,583	0		2	0	526	7	1	.2	71	409
New York:												
Albany	134	6,536	2	1.5	2	0	130	6	2	1.5	37	0
Buffalo	141	6,122	31	22.0	0	1	109	1	0		8	0
New York <sup>1</sup>												
Syracuse	92	6,271	41	44.6	0	0	51	1	1	2.0	3	1
North Carolina: Winston-Salem	1,735	7,135	9	.5	9	2	1,715	72	1	.1	552	1,306
North Dakota: Fargo	626	5,903	77	12.3	16	2	531	15	2	.4	96	0
Ohio:												
Cincinnati	892	6,346	75	8.4	12	0	805	21	0		130	1,083
Cleveland	842	7,189	20	2.3	7	0	815	23	5	.6	99	1,546
Oklahoma:												
Muskogee	394	6,231	0		6	0	388	2	0		29	0
Oklahoma City	297	6,679	13	4.4	1	0	283	4	0		49	0
Oregon: Portland	311	7,048	21	6.8	2	0	288	13	2	.7	57	25
Pennsylvania:												
Philadelphia <sup>1</sup>												
Pittsburgh	831	6,724	60	7.2	10	0	761	24	3	.4	275	783
Wilkes-Barre	1,185	6,562	66	5.6	26	2	1,091	54	9	.8	63	37
Puerto Rico: San Juan	344	8,261	0		3	0	341	55	0		104	627
Rhode Island: Providence <sup>1</sup>												
South Carolina: Columbia	854	7,075	30	3.5	5	0	819	50	5	.6	205	754
South Dakota: Sioux Falls	636	6,644	19	3.0	21	0	596	14	3	.5	86	316
Tennessee: Nashville	1,262	6,408	21	1.7	14	6	1,221	87	9	.7	247	1,076
Texas:												
Dallas	593	7,237	0		3	0	590	0	0		128	86
Houston	470	7,258	0		4	5	461	11	2	.4	105	59
Lubbock	507	6,911	0		5	0	502	26	4	.8	45	428
San Antonio	219	7,375	0		1	0	218	3	0		50	140
Waco	522	6,645	0		6	0	516	3	1	.2	92	133
Utah: Salt Lake City	277	7,271	5	1.8	5	0	267	10	0		54	274
Vermont: White River Junction	202	5,408	22	10.9	1	0	179	6	1	.6	13	3
Virginia: Roanoke	1,962	7,084	0		21	2	1,939	30	1	.2	281	2,297
Washington: Seattle	301	7,341	1	.3	6	0	294	33	2	.7	35	338
West Virginia: Huntington	1,473	6,404	0		13	0	1,460	115	35	2.4	325	1,726
Wisconsin: Milwaukee	1,095	6,843	165	15.1	33	6	891	28	5	.6	98	1,686
Wyoming: Cheyenne	243	7,961	78	32.1	1	0	164	4	0		27	249

<sup>1</sup> Data as of Dec. 31, 1953.<sup>2</sup> No portion of region eligible for direct loans.

I should like to state, Mr. Chairman, how extremely helpful have been the members of the Committee on Veterans' Affairs. There are 14 Republicans and 14 Democrats, and we have all worked very much as a unit. The veterans are very lucky to have that membership on that committee.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I wish to congratulate the gentleman for her excellent work in behalf of veterans. There is one thing on which I would like to have a little information. If I recall correctly, last year the interest rate was raised from 4 to 4½ percent on both direct and guaranteed loans. We all know that the cost of veterans housing has been climbing for the past few years and today it is too expensive. I am wondering whether the gentleman's committee has given consideration to legislation lowering the interest rate. The fact that a large number of veterans are now unemployed makes it

more important that we take action and make adequate funds available at a reasonable interest rate in order that more homes may be constructed and purchased by the veteran. The correspondence that I have received convinces me that this authorization is inadequate. In nearly every instance that I have contacted the Veterans' Administration, I find that the veteran must be placed on the waiting list for a loan because of the lack of funds. I am hopeful that something can be done to correct this situation by making funds available for the veteran. I think it is well understood that the increase in interest rate requires an actual cash outlay of the average veteran who is borrowing money to build a \$10,000 home of something in excess of \$600. This \$600 is an important item to a veteran who is making every effort to finance a home for himself and family.

Mrs. ROGERS of Massachusetts. I should like to say to the gentleman that the committee is considering that. Last year, as the gentleman knows, the rate was raised administratively to 4½ per-

cent. The committee went along with that, and now we are going to try to get it lowered.

Mr. PERKINS. Another question, if the gentleman will yield. If I recall correctly, the change in the interest rate was in line with the administration's policy that is often referred to as the hard-money policy, which was put into effect in the spring of 1953. Developments since that time have been such that the administration has abandoned this hard-money policy in its refunding operations and has supposedly gone to considerable effort to encourage the building of more homes for veterans. The veteran gave a portion of the best years of his life to the service of his Government at a time when wages and employment were at a high level, and he at least deserves the opportunity to borrow money at an interest rate below 4½ percent. Is that not correct?

Mrs. ROGERS of Massachusetts. I think the gentleman will find that the members of the committee are extremely anxious to do that, and I hope some leg-



isolation will come out looking to that end.

Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. As our chairman of the committee has explained the purpose of the bill, I should like to add for the benefit of the Members, some of whom perhaps are not familiar with the exact manner in which a county becomes eligible for direct loans, that that authority is vested in the central office of the Veterans' Administration—the regional office may recommend that the decision is made in Washington. If there are Members who would like to know whether or not the counties within their districts are eligible for direct loans, they can get that information by contacting the regional office.

The purpose of the direct-loan program is to aid those veterans in non-metropolitan areas where private capital is not available. It is not the intent of the program to compete with private capital. It is the intent of the program to provide the same services and the same opportunities in the matter of getting a veteran's loan.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. The gentleman made reference to the availability of private capital to grant loans. Has the gentleman's committee studied the situation to ascertain in how many areas the Veterans' Administration has declared private capital is not available?

Mr. AYRES. There will be inserted in the RECORD a complete breakdown of all direct loans made, in the several States. I cannot give the information in detail at this time, but that will be inserted in the RECORD in connection with this debate.

Mr. ROGERS of Colorado. Has there been any representation made to the committee that the Veterans' Administration is slow in declaring that private capital is not available for veterans to secure loans?

Mr. AYRES. Yes. We have gone into that for the last year and a half. The gentleman from Oklahoma [Mr. EDMONDSON] and I just returned 10 days ago from California, where that complaint had been registered. Last fall the gentleman from Oklahoma [Mr. EDMONDSON] and the gentleman from Texas [Mr. TEAGUE] traveled through the Southwest and came up with some very interesting information so far as the shortage of private capital is concerned in those particular areas.

Mr. ROGERS of Colorado. But there is nothing in this legislation that would change the practice or formula that has been used by the Veterans' Administration heretofore?

Mr. AYRES. No. This is just a continuation of the existing direct loan program.

Mr. ROGERS of Colorado. Does the gentleman know how much proof the Veterans' Administration require before they will declare private capital not available?

Mr. AYRES. That is left somewhat to the discretion of the local administrator in each regional office. I can speak only for my own State of Ohio. The territories and counties that are eligible for direct loans are those outside any metropolitan city or the county in which the city is located.

Mr. ROGERS of Colorado. I have had a great deal of complaint from veterans who attempt to get loans and are told that their area is one where private capital is still available. Then when they go to get a loan from private capital, they are unable to do so.

Mr. AYRES. To what particular area does the gentleman refer?

Mr. ROGERS of Colorado. The city and county of Denver.

Mr. AYRES. You cannot get a direct loan in that county or within the city of Denver—it is a metropolitan area. According to the information that we received from the Veterans' Administration prior to going to California to hold hearings, and we had hoped to hold hearings in Denver, there was not any shortage of money there for veterans' loans.

Mr. ROGERS of Colorado. That is where the difficulty comes. The veteran may make an application to the FHA or other lending agencies, but may be unable to get such a loan due to the interest rate and other factors. Then when he goes to the Veterans' Administration they say, "No, we cannot lend you this money at all because we still maintain that there is enough private capital here," although private capital would not make that loan.

Mr. AYRES. I would contact the United States Savings and Loan League and also the major veterans organizations to find out who has been giving us misinformation, because they informed us it was not necessary to go into that area. If there is a shortage we would be very happy to investigate it.

Mr. ROGERS of Colorado. I thank the gentleman.

Mr. GOLDEN. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Kentucky.

Mr. GOLDEN. This program in my State of Kentucky meets with the approval of all parties concerned, but they are always running out of money. I have had a large number of veterans write me who had been qualified but were informed that the fund was already exhausted. I am wondering how the provisions of this bill and the supply of money this year compare with what we have had in the past.

Mr. AYRES. It is the exact amount, \$100 million, for the next fiscal year, but I am of the opinion that more money will be available for this reason: This is a revolving fund. As the mortgages are sold the payments from those mortgages go back into the fund.

Mr. GOLDEN. There is another question I wanted to ask. I made some inquiries and found they were making efforts to dispose of some of this paper.

Mr. AYRES. They are having more success than they have had in the past in the disposal of it. There is one other

thing that may help in the gentleman's area, as well as that of the gentleman from Denver. When the gentleman from Oklahoma [Mr. EDMONDSON] and I were in California, the suggestion was made that perhaps the guaranty on the GI guaranteed loan—that is, the percentage of the guaranty—should be increased from 60 percent to 75 or 90 percent. The gentleman from Oklahoma and I have both introduced bills to that effect and are going to hold hearings on that subject. Some of the leading lending agencies of the country have told us that since the default rate on veterans' loans is so low it might be feasible to raise the guaranty. If that should be done, there should be more lending agencies eager to get out into the rural areas or the areas in which they are not now interested.

Mr. GOLDEN. I think this committee should keep a close watch on the ability to convert this paper into money so it will furnish new funds for the veterans.

Mr. AYRES. We have had the gentleman from the Veterans' Administration before us. They know we are pushing them to be good salesmen and get this paper back into the hands of private investors so that more money will revolve back into the fund.

Mr. Chairman, I want to take this opportunity to thank Mr. Edwin B. Patterson and Mr. Oliver E. Meadows, of the staff of the committee, for their help with the work of the subcommittee.

Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I think it might be well for us to recall some aspects of this program as we consider it here today. In the first place, beginning in 1950 the program was instituted with a loan fund of \$150 million. That fund shortly was exhausted and it became necessary to augment it. That has been done in the years since. At one time Congress authorized an additional \$125 million, and then again the sum was authorized to be augmented by \$100 million on a revolving-fund basis. The way that revolving fund works is this: Each quarter \$25 million are available. If that amount cannot be realized, and it has never been, from the sale of existing loans by the Veterans' Administration, then the Treasury must put in enough money each quarter to make at least \$25 million available. On that basis, there is up to January 31 of this year involved in this program the sum of \$376 million. I am speaking now in round numbers. Of that there is the original \$150 million, which has been increased by quarterly increments, previously mentioned, to the amount of approximately \$190 million. It has been further increased by the sale of existing loans in the amount of something under \$11 million, and finally there is over \$24 million representing repayments on the principal of existing loans. This legislation, which is before us today, would make available for the next fiscal year an additional \$100 million.

The question frequently arises, and has on this floor today, as to the areas where these loans may be made. There was a brief period in 1952 when these

loans could be made in certain areas, which included cities as large as 100,000 people. That is no longer the case. I am informed there are no communities now larger than 50,000 people which have been declared to be eligible for these loans, and most of them are made in communities in which the largest towns are much smaller. In other words, these direct loans are supposed to take care largely of rural communities or areas in which small towns are located.

Some question has been made as to the interest rate, which is currently  $4\frac{1}{2}$  percent. In that respect the law provides that the interest rate shall be the same as that paid on guaranteed loans but not more than  $4\frac{1}{2}$  percent.

On the whole, Mr. Chairman, I think this is very good legislation. As has been pointed out, the rate of defaults is extremely low. The Government is realizing some income from the interest paid on these loans. I think the legislation should be passed.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. WIER. With reference to the statement which has been made here 2 or 3 times, I would like to ask some questions. Representing the Third District in Minnesota, the Veterans' Administration for that area is in my district, that is the property is. That is in Hennepin County, Minneapolis. I also represent the five rural counties and in Washington County, we have the city of Stillwater, Minn., which represents about 12,000 people.

Since January of this year I have received four communications from veterans in Stillwater, Minn., advising me that they have made application, that they have the qualifications for a loan for a home but when they applied to the Veterans' Administration service office in Fort Snelling they were advised that they ought to go back to Stillwater and try to make a loan there from a bank or a building and loan association.

They have been turned down on the loans and communicated with me. I wrote to Mr. Mumma, manager of services in Fort Snelling and he advised me that there are no Veterans' Administration services available in Washington County. He advised me to send the boys to him. It was quite a personal way in which he put it. In other words, I am trying to tell you that that county has no available funds for these veterans who make application to the Veterans' Administration and the Veterans' Administration at Fort Snelling cannot make it to the county.

Mr. ADAIR. As the gentleman points out, there are certain areas in which loans are not available. There are 2 or 3 criteria for the making of these loans.

In the first place, the area must be determined to be an area in which loans can be made. That determination is made by the Veterans' Administration.

Secondly, the money must be available.

Thirdly, the person must have gone to a private lending institution and tried to make his loan there, and have failed to obtain it. Although there are others,

these are the basic issues that the veteran-applicant must meet.

As of last January of this year, according to my recollection there were about 7,600 pending loans throughout the United States. It might be that the loans to which those gentlemen refer are in that category; I do not know. But there is still money in the fund and if the area has been so designated and if the private agencies have declined, then these applicants ought to be eligible for a loan.

Mr. WIER. Then the last question is: Is it possible for the Administrator or the manager at Fort Snelling to approve a qualified loan in Washington County, for a loan out of the central office at Fort Snelling?

Mr. ADAIR. If he is authorized by the Veterans' Administration.

Mr. WIER. That is the catch; I presume he is not.

Mr. ADAIR. If he does not have that authorization he cannot.

Mr. WIER. Then what good will this bill be to my constituents?

Mr. ADAIR. It will make more money available.

Mr. WIER. It does not give the Administrator that authorization.

Mr. AYRES. I would say to the gentleman from Minnesota that since the beginning of the program 867 loans were granted in Minnesota.

Mr. WIER. That is a very small percentage, for Minneapolis alone has a population of over 500,000.

Mr. EDMONDSON. Mr. Chairman, I yield myself 2 minutes.

The ranking minority member of this subcommittee, the gentleman from Texas [Mr. TEAGUE], is temporarily absent from the floor. He was called away only a few moments ago on official business. I would like to ask at this time unanimous consent that he may insert his remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. TEAGUE. Mr. Chairman, the Servicemen's Readjustment Act of 1944 included provisions for guaranteed loans to veterans for the purpose of purchasing homes, farms, and establishing businesses. Most of the Veterans' Administration's loan guaranty activity has been for home loans. After the program had operated for several years, it became apparent that veterans living in rural and semirural areas were deriving little or no benefit from the act. In those areas, no lenders could be found who were willing to lend money even with a Veterans' Administration guaranty at a 4 percent interest rate and the situation did not improve when the maximum interest rate on guaranteed and direct loans was raised to  $4\frac{1}{2}$  percent early last year.

In an effort to equalize opportunity for veterans residing in rural and semirural areas, the Congress established the direct loan program on July 19, 1950. To qualify for a direct loan, a veteran must show that he cannot secure financing from private lending sources. He also must reside in an area designated by the Veterans' Administration as being

a direct-loan area. The bill under consideration would extend the direct-loan program for 1 year on the same basis that it operated last year, \$25 million a quarter, or a total of \$100 million. It must be recognized that \$100 million will in no way meet the demands for direct loans. The Subcommittee on Housing of the Veterans' Affairs Committee, of which I am a member, has held hearings throughout the United States during the past 2 years. We have found big waiting lists for direct loans wherever we have gone. The waiting list would be even larger if the veteran had any hope of reaching the top of the list within a reasonable period of time. In most instances, it takes at least 6 months or more to reach the top of the waiting list. In these cases, the property in which the veteran was interested is usually sold before his loan is processed.

The direct-loan program as extended by H. R. 8152 will help some in removing the inequity between veterans residing in rural and city areas. I regret to say, however, that the bill does have one major shortcoming. I have introduced a bill, along with the gentleman from Oklahoma, Congressman EDMONDSON, which would extend the privilege of obtaining a direct loan to a veteran who wishes to purchase a farm. I do not believe that the present limitation of the bill which permits direct loans for the purchase of residential property only is fair. A veteran may obtain a guaranteed loan for the purpose of buying a farm on which to live, but he may not obtain a direct loan for the same purpose. The program has been working well and the default rate has been low. In questioning lenders who have appeared before the Subcommittee on Housing, we have found very little objection to the direct-loan program. I have heard no complaint that direct loans are being made where lenders wish to place private financing.

Mr. EDMONDSON. Mr. Chairman, I would also at this time like to observe that the second ranking Democrat on the Veterans' Affairs Committee, the gentleman from Tennessee [Mr. EVINS] who has always been deeply and sincerely interested in this program and this legislation, has been called home on account of the death of his father and could not be present when the bill was called. I know of his interest in this legislation and of the regret he has that he could not be present to express his personal interest in this matter.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, there is no doubt but that this committee has done a fine job through the years, and an especially good job under the chairmanship of the distinguished gentleman from Massachusetts [Mr. ROGERS]. The committee has always approached veterans' problems from the viewpoint of the best interests of the veteran and the best interests of the country. I am very happy to take a moment to express our compliments to all the members of that committee.

I know that they are deeply concerned with the fact that many veterans are being deprived of the opportunity of



taking advantage of the various loan programs, and particularly this very loan program, because of increased interest rates.

We remember that not so long ago when the administration decided that we needed hard money or sound money, which soon proved to be money harder to get, they increased the interest rates right across the board; at least, that was the effect of what they did when they offered those high interest rates on Government bonds.

Then we saw the interest rate on veteran loans raised from 4 percent to 4½ percent. While the committee has diligently attempted to give thought to the problem of cutting the interest rate for the veterans and helping them to acquire better shelter for their families, unfortunately nothing has as yet come before the Congress that will accomplish that very desirable result.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. The temper of the Committee on Veterans' Affairs is very much in favor of cutting the interest rate and we hope to have a bill along that line considered very shortly. The gentleman himself has introduced a bill for that purpose.

Mr. MULTER. I thank the gentleman for that comment.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from California.

Mr. YOUNGER. The gentleman realizes that before the interest rate was raised the discount rate which was promulgated actually increased the cost of the home to the veteran more than the increased interest rate?

Mr. MULTER. Yes, there is no doubt about that. The Committee on Veterans' Affairs and the Committee on Banking and Currency, I know, have tried to eliminate that additional cost that was tacked on by way of discount. The argument was always made that that charge was paid by the lender who discounted the mortgage, actually it was always passed on to the builder and by the builder to the veteran who bought the house. The veteran always had to pay that additional cost. No matter how they tried to camouflage it whether as a discount or a brokerage or what not, it was a cost added to the cost of the house and the veteran in the final analysis had to pay it.

In May of last year the gentleman from New York [Mr. KEOGH] joined with me in introducing a bill which sought to bring the interest rate to the veteran down to 3½ percent, not increase it from 4 to 4½ percent but decrease it from 4 to 3½ percent. We sought to do that in a manner which would have cost the Government of the United States very little. That bill had a provision, not mandatory but permissive, that would permit the lending of money at an interest rate of 3½ percent. You might ask, Why will anybody lend money at 3½ percent when they can get 4½ or 5 percent? Why should the lenders put their money out at 3½ percent?

The bill that we introduced sought to accomplish that purpose very simply. It provided that any time a veteran's mortgage guaranteed under title III of the Servicemen's Readjustment Act called for an interest rate of not more than 3½ percent per annum that interest would be tax exempt.

In other words, the veteran would be called upon to pay only 3½ percent interest and the lender who wanted to help the veteran acquire his home by lending on a 3½ percent mortgage rate would not pay any income tax to the United States Government on the interest so earned. The total cost of this program to the United States Government, if you adopt that kind of a provision, would be hardly anything in lost income tax on these 3½-percent mortgages.

We saw that when the veterans came back after World War II they were required to pay as high as \$8,000 for a \$4,000 house and today they probably are paying \$10,000 for that same \$4,000 house. In addition to that, you have the high interest rate.

I think we can easily cope with this problem today in connection with this bill.

In order to do that, I am going to offer an amendment when the bill is read in order to give you the opportunity to adopt this method of giving the veterans of the country an opportunity to get 3½ percent interest mortgages and thereby make more homes available to more veterans of the country.

I sincerely hope the Congress will support my amendment.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, I rise in support of the bill, H. R. 8152, now under consideration. This measure, reported unanimously by the Committee on Veterans' Affairs, extends for 1 year, or until June 30, 1955, the veterans' direct-loan program. In addition, it authorizes for the program's revolving fund an additional sum not to exceed \$100 million. This amount is to be allocated in quarterly installments of \$25 million each, less the proceeds of direct-loan sales in the preceding quarter.

The veterans' direct-loan program is, of course, supplemental to the VA guaranteed GI loan program. It was originally enacted in 1950 to enable veterans living in small towns and semirural communities to benefit from the GI housing program. Under this legislation, veterans can qualify for a direct loan only if they are judged to be a good credit risk and can furnish evidence that they have been unable to obtaining a housing loan from private sources at 4½-percent interest. These loans are repaid by the veterans with profit to the Treasury.

In the State of Alabama, as of January 31, 1954, there have been 1,745 fully disbursed loans made for an average amount of \$7,284. Of the total number of loans outstanding, only 0.5 percent are in default. This latter figure, certainly a tribute to the veterans of Alabama, is a good indication that the Federal Government is not to date losing money on the direct-loan program.

It was my hope that the amount currently authorized for the direct-loan program would be increased by the legislation now under consideration. Inadequate funds for this program have built up long waiting lists. In my State, for example, there are more than 1,300 veterans whose loans are now awaiting further appropriation of funds. Yet, with ample evidence that additional funds were needed, it was the opinion of the members of the Veterans' Affairs Committee that the Congress would not appropriate funds in excess of \$100 million at this time.

Should the demand for direct loans to veterans fail to be met in fiscal year 1955 by the funds available, I hope the present administration will recommend increased funds for the direct-loan program for the following fiscal year and that Congress will act accordingly.

Mr. EDMONDSON. Mr. Chairman, I yield myself 9 minutes.

Mr. Chairman, I believe it has been truly stated on the other side of the aisle that this bill represents a bipartisan effort in the truest sense on the part of the Committee on Veterans' Affairs. I would not like to let this opportunity pass without expressing my deep and honest appreciation to the chairman of our committee, the gentleman from Massachusetts [Mrs. ROGERS], for the very deep and sincere concern which I have found her to show toward the veteran and his problem at all times. It is a 24-hour concern with her, and that spirit, I know, is deeply appreciated on the part of the members of this committee on both sides.

Mr. Chairman, I also want to express my appreciation, and I am sure the appreciation of other Democrats on the committee, to the chairman of the subcommittee, the gentleman from Ohio [Mr. AYRES], for his ability, for his energy, and for his fairness in dealing with the problem of housing for the veteran. We appreciate particularly his accommodation to us in the matter of hearings in the States of Texas and Oklahoma during last fall. I did not want this moment to pass without expressing that appreciation to the members of the committee on the other side of the aisle for the bipartisan spirit in which they have approached these difficult problems.

Mr. Chairman, I think it can also be said, and I think admitted on both sides by the committee members, that this bill does not represent the idea of the committee as the ideal in the way of a direct loan program. I know from the bills that have been introduced by members of the committee that there are a number of members on the Democratic as well as the Republican side who feel that more money should be made available for this program; who feel that there is not an adequate fund available today; and, in the absence of the revolving of this fund, that it is going to be essential one of these days to increase the amount of direct loan money unless we have private lending institutions meeting the challenge more adequately of the need for housing in our rural areas and in our small towns. I think in the course of our hearings in

Ohio, Oklahoma, Texas, and California we listened to probably 12 regional officers who were in charge of the guaranteed-loan program and in charge of the direct-loan program in these regional offices. I think we found only one regional office in which they stated to us that there had been any decline in the demand for these direct loans.

In practically every other office the testimony was uniform that there was not enough money to meet the demands, and there are waiting lists at this time. In other words, the need is not being met in our country areas, in our small towns, where there is an urgent need to keep our young people on the land. I think that sooner or later Congress is going to have to recognize this problem and come in with legislation for more money for the direct-loan program.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from West Virginia.

Mr. BAILEY. Correspondence reaching me from veterans would indicate that rural veterans who desire to build a residence on a farm or in suburban areas, where they do not have conveniences, such as they have in the cities, are having difficulty in getting these loans. Is there anything in this bill that would correct that situation?

Mr. EDMONDSON. May I say in answer to that question that the only way that we can meet that problem in this bill is to make available the same amount of money that has been available during the last 9 or 10 quarters for the program. I think we are meeting the problem to a limited extent, but a very limited extent, too limited. I know from expressions which I have heard from the chairman of this committee and the chairman of the subcommittee that this is a fairly general view that is shared by the members of the Committee on Veterans' Affairs.

Mr. BAILEY. I want to thank the gentleman from Oklahoma [Mr. EDMONDSON] and compliment him, as well as the members of the committee for their attempt to solve this very important problem.

Mr. EDMONDSON. I thank my friend from West Virginia.

A second general observation I think could be made with regard to this direct-loan program and that is that it stops short in the scope of the authorization for the direct loan. Personally, I am of the belief that the direct-loan program should provide for direct loans to purchase not only a farm home but also farmland. Anybody who has any farms in his district is acquainted with the fact that a loan for a farm home only does not meet the need. It does not meet the need of the GI who is going into farming. He needs access to a direct loan to purchase land to work and to produce, and there is no reason why these direct-loan funds should not also be made available for the purpose of purchasing farmlands.

As a final general observation, I think there is sentiment on both sides of this committee for action, in the very near future, by the Veterans' Administration to roll back the interest rate on the GI

loans. Under the authority which was granted in the law to the Administrator of Veterans' Affairs, he saw fit last year, when there appeared to be an inflationary situation and money for low-interest loans was reported scarce, to increase the interest rate to 4½ percent. Anybody who reads the reports on the money market is aware of the fact that today the trend is in the opposite direction and is toward reducing interest rates. I see no good reason why the Administrator of Veterans' Affairs should not recognize this plain situation and roll back the interest rate, making it possible for the veteran once again to borrow money at 4 percent, the interest rate which prevailed at the close of 1952. I think the time has come for the Administrator to recognize that situation and take the step which is within his power to roll back the interest rate once again, not only on guaranteed loans but also on direct loans.

At the present time that increase in the interest rate is adding to the cost of any home purchased under the direct loan program, or the guaranteed loan program, anywhere from \$600 to \$1,000. And that is in addition to the cost of the home. That is unnecessary in the light of the present situation of the money market and the trend that is apparent in the money market to anyone reading the financial pages. I think the sooner the interest rate is rolled back, the sooner it gets to the proper level, the better it will be for our veterans and the better it will be for our entire economy.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield to me?

Mr. EDMONDSON. I am glad to yield to the distinguished chairman of the committee.

Mrs. ROGERS of Massachusetts. As the gentleman knows, the committee plans to have hearings almost immediately on that very subject.

Mr. EDMONDSON. I am very glad that those hearings will be held, and I commend the gentlewoman for her decision to hold those hearings.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. It is true, is it not, that those veterans who have already negotiated loans at a 4½ percent interest rate will have to continue to pay that interest rate?

Mr. EDMONDSON. I am afraid that the gentleman is correct. They will be held to their contracts and will have to continue to pay the 4½ percent interest rate.

Mr. FOUNTAIN. So that the situation is serious and so it is all the more important for action to be taken immediately to roll back that interest rate to 4 percent or less.

Mr. EDMONDSON. I think the gentleman is exactly correct in his observation on that.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from New York.

Mr. MULTER. To the extent that these mortgages have not been sold and

are still held by the Veterans' Administration—that is, by the United States Government—we could reduce that interest rate. The only thing is that the Government would lose a little of the income. Since this is a profitable program and we are not seeking to make a profit on the veterans, we could roll back the existing interest rate on those loans that are still held by the United States Government. Is not that so?

Mr. EDMONDSON. I think on the direct loan program it would be possible to do that. On the guaranteed loan program I do not believe it would be possible.

Mr. MULTER. I think the gentleman is right. I thank the gentleman.

Mr. AYRES. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, I rise for the purpose of pointing out three things here concerning which I have been questioned by some of my colleagues.

The first is, I know some of my colleagues are disturbed because we come in, it seems like every year or two, to ask for an additional amount to be added to the fund. This loan money is not a loss proposition. Strange as it may seem, this operation is a money-making one. If this program continues for the full 20 years, the United States Government will make about \$70 million. It will not lose any money. If it extends over a period of 12 years, and some of these loans will be paid off in that period of time, we will make somewhere between forty-five and fifty millions. So this program is a money maker. The United States Government will get back every penny it puts into the program plus interest.

In the second place, I know many of you have correspondence from lending institutions at home and from people who are interested in knowing how this will affect free enterprise. Free enterprise has the first two tries at this loan. First, in order for a veteran to get a loan he goes to the lending institution and says, "Will you make me a loan of say \$10,000?" The lending institution goes into it and says, "I am sorry, you aren't qualified. We can't take your loan," for some reason.

The veteran then goes to the Veterans' Administration, which makes an investigation. As the result of the investigation they say the man is qualified. They send him back to the lending institution, which has a second try at the loan. After the investigation has been made the lending institution has a second chance to say to him, "We will not make the loan." If they say at that time that they will not make the loan, then he is qualified to come in under the direct-loan system.

So if there is any free enterprise lending institution that wants to make this veteran a loan, it has two times to try for it.

In the third place, I believe in the city areas there is not a great demand for this program. The program at this time is primarily a rural program, not a city program. The problem that is presented in this direct-loan program is to find out the rural areas that will not make loans. I know there are some prob-



lems connected with this in small communities. Anyone who has been in a small business knows that you are not going to have enough of this business in the small areas to justify the amount of expenditure you have to put on this type of loan.

Many of you who are familiar with the lending of money will realize that in order to supply and maintain this kind of loan, you have to have some kind of volume. In cities, the reason you have not run into this trouble is that you have large lending institutions that may have 1 or 2 people in a department set up to do nothing but service this type of loan either with these funds or something similar to that in the community. The result of it is that by reason of the volume of the number of loans, it is possible for them to take them, service them, and make a reasonable amount of money on the loans.

Take a small bank in a community of a thousand or six or seven thousand people. That lending institution has a real problem in servicing this type of loan. So you have a reason to have a direct loan system such as is advocated in this bill, and under previous legislation passed by the Congress. These are three important points which some of my colleagues ask me about with reference to the bill, and I trust that I have clarified the situation to some extent.

Mr. AYRES. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. DONOHUE. Mr. Chairman, I am certain that the purpose of this bill will and ought to meet with the unanimous approval of the Members of this House.

Its objective is the authorization to provide additional money for the revolving fund used in making direct home and farm house loans to veterans under the Servicemen's Readjustment Act and to extend its authority to operate until June 30, 1955; as you know, the present authority is scheduled to expire on June 30, 1954.

The evidence and experience that has been presented here by the Committee on Veterans' Affairs, under the chairmanship of my distinguished colleague from Massachusetts, Congresswoman EDITH NOURSE ROGERS, demonstrates that the program has worked extremely well, that the default rate of four-tenths of 1 percent is unusually low, and that the continuous financing has been administered in a very conservative and competent manner.

The veteran has been encouraged and inspired to provide a decent home for himself and his family, the Government has lost no money, and the country as a whole has profited. I earnestly urge you all to promptly vote for passage of this measure because of its proved substantial merit.

May I earnestly urge also, at the same time, that the current interest rate of 4½ percent be reduced to 4 percent at least, at the earliest possible moment.

This extravagant interest rate has visited real hardship upon the veteran and has tended to slow up loan applications to an undesirable and unhealthy extent. If we really want the veteran to participate in the program, then we must place the loan interest rate at a reasonable level. I earnestly hope the House will take appropriate action to accomplish that objective in the near future.

Mr. MILLER of Kansas. Mr. Chairman, I have not the honor to be a veteran either of World War I or World War II.

The date of my birth practically eliminated me from either of those conflicts. But I do have the satisfaction of having, at all times, given support to the men in the field and of making every effort to do justice to them now that they the returned to civilian pursuits.

I am not in favor of handouts to veterans. No able-bodied person is deserving of a handout by the Government. Nor do veterans desire charity. All they want is justice—nothing more.

The plan outlined in this amendment is so simple, so practical, that we must wonder why it was not thought of before.

What possible objection can be raised against it? There can be none.

I should like to see this amendment pass this body without a dissenting vote.

Mr. MARSHALL. Mr. Chairman, I think I can best illustrate the need for the legislation before us today by using the example of one county in my district, Crow Wing County which includes the city of Brainerd, Minn.

This area is served by the Veterans' Administration regional office at Fort Snelling and the quarterly allotment of funds for direct loans in the entire region has never exceeded \$536,000. Since the beginning of the program, 898 direct loans have been made in the regional area in the amount of \$6,015,463. The average loan, therefore, is approximately \$6,800. On this basis the quarterly allotment for the region makes it possible to approve only 79 loans per quarter for the entire regional area.

The allotment for the current quarter is already exhausted and there are 730 requests for direct loans still waiting to be processed at such time when funds become available again. In an effort to be fair to all veterans, the allotted funds are apportioned by the regional office on the basis of the veteran population in the counties.

Realizing that this regional office serves 79 Minnesota counties, 67 of which are eligible for direct loans, it is easy to see that the funds available are grossly insufficient to meet the demand for loans.

Now I would like to show you what this means in one county—Crow Wing—though the same story is repeated in every county.

Sixty-three direct loans totaling \$384,150 have been made in the county, most of them in Brainerd. This represents about 8 percent of all the loans made in Minnesota since the program was inaugurated. Yet there are 68 applications pending and only 10 loans have been made in the county since April 1952, because of inadequate funds. Let me

remind you that this is considered one of the better counties under the program.

At the present rate of approximately five loans a year, it would take over 13 years to handle only those applications now pending. The real problem becomes clear when we realize that many World War II veterans, the veterans who are now establishing families and trying to buy homes, will begin to lose their eligibility in 1957, only 3 years from now.

Despite the housing demand and the need for adequate financing, regular GI loans are still not available in any substantial degree. Housing for veterans in Brainerd was almost at a standstill until the direct loan program was made available in the city 2 years ago.

I think these examples illustrate the need for continuing the direct loan program at what certainly seems to be a modest level. Without this program, the intention of Congress to help veterans own their homes will be thwarted and the housing provisions of the GI bill will be nullified.

Many of the veterans who have applications pending in this one county have come to me in the past several years, and I know that the community and the State will be enriched by the establishment of their homes. They have contributed much to the Nation and they and their families will continue to contribute to our growth if they are given the opportunity of providing homes for themselves in our communities.

Few programs represent a better investment in the future of this country. Stable family life is at the root of the democratic system and decent housing is the first requisite of stable family life.

Mr. PHILBIN. Mr. Chairman, it is with genuine enthusiasm that I support this measure to extend the direct home and farmhouse loan authority of the Veterans' Administration to finance veterans in their purchases of homes.

This measure was part of the original GI bill passed in 1944 which I had the privilege of sponsoring, urging, and voting for. Let me say that I am exceedingly proud of my vigorous support of this and kindred measures for the benefit of our beloved veterans.

The operations of this measure have been most gratifying to all supporters and friends of the veteran and his dependents. Only a puny fraction of 1 percent of loans negotiated under its provisions have ever been in default. This is a splendid record—one which eloquently testifies to the honesty, industry, thrift, and businesslike qualities of our veterans. It shows that the veterans are, like their forebears, devoted to homelife, eager to establish their own homes, anxious to raise their families in clean, wholesome surroundings, determined to recognize the importance of the family unit, not only as the center but the great stabilizing force in sustaining the equilibrium, the vigor, and the beneficent influence of the family as the fundamental cornerstone of American social, economic, and political life, as well as one of the greatest sources of the Nation's spiritual strength.

I am a believer in free enterprise. In my opinion, the free way is the best way,

and it must be zealously preserved. Congress should uphold and protect this system against collectivist encroachments. Government should intervene in the private business affairs and requirements of the people only when free enterprise, for one reason or other, has failed to provide essential services or meet socially recognized needs. I favor reduced interest rates on these loans.

I am convinced that this program is not only meritorious, it has been of inestimable value to our veterans. It must be continued and, when necessary, perfected to meet increasing or vital needs. It is one of the ways which Congress, in behalf of the American people, can express its gratitude to those who have contributed so greatly and unselfishly to the Nation. Let us have a unanimous vote for this bill.

Mr. VURSELL. Mr. Chairman, I am glad to support this measure before us to extend the direct home and farmhouse loan authority of the Veterans' Administration to finance veterans in their purchases of homes.

I recall this measure was a part of the original GI bill passed in 1944 which I had the privilege of helping to write and pass on the floor of this House.

The operation of this particular measure has been so successful that even on its wide front of operations less than 1 percent of the loans negotiated by the veterans under this act have been in default. This is a splendid tribute to the honest ability, the purpose, and integrity of the veterans of our Nation.

It is a tribute to their soundness of judgment, their desire to own their own homes, and their willingness to struggle and save to meet the payments, as hundreds of thousands of them have so successfully done, since the Government provided them the opportunity under such legislation as this which we are extending today for another year, and on which we are voting today to increase the loan fund by \$100 million.

Mr. AYRES. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, I take this time to ask the members of the committee: Is there anything in this bill where, if a man returned from the service, let us say from the Marines, and if he made a real and vigorous and continuous campaign to exclude the Communists and their sympathizers from positions in the Federal Government, would he be deprived of an opportunity to obtain a loan?

Mr. AYRES. This is just an extension of a bill which was in effect last year. He was entitled to it then. And since he was entitled to it then, he is entitled to it now.

Mr. HOFFMAN of Michigan. And even if he made a record fighting Communists?

Mr. AYRES. Yes, oh, yes.

Mr. HOFFMAN of Michigan. He would?

Mr. AYRES. That is right.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. EDMONDSON. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Idaho [Mrs. FROST].

Mrs. FROST. Mr. Chairman, I have today introduced House Joint Resolution 482, entitled "To establish a joint committee to investigate the gold-mining industry." There long has been a demand for such an investigation and several State legislatures have memorialized the Congress on the subject at various times. Since the imposition on the United States mining industry of the infamous gold closing order L-208 in October of 1942, a blow from which gold mining has never recovered, rising costs and a low fixed price for gold have left the industry in perhaps worse shape than in 1943 when the United States Bureau of Mines issued a statement saying "California gold production in 1943 fell below that for any year since 1848." Production never had been restored and the comparison holds true for Idaho and other mining States.

Since the days of L-208 many bills have been introduced to recompense for closed mines, to raise the price of gold, to create a free gold market, to restore convertibility, and for other purposes. These bills generally go to the Committees on Banking and Currency, reports are asked for from the Treasury and other agencies which invariably turn out to be adverse, the bills are pigeonholed and that is the end of them. It has been years since a hearing has been held on a gold bill. It is time something is done.

Economists differ sharply on the role of gold in our present economy. There are advocates of managed currency, there are bimetalists, symmetallists, gold standard, convertibility, partial convertibility, restricted markets, free world markets, free domestic markets, high price, low price, and so on. In the meantime, the gold-mining industry remains in the doldrums and the Congress has no way of determining the right answer.

Stimulating the gold industry would also stimulate the lead-zinc industry where gold is found in combination with these metals. There is one sure thing—opening of gold mines would create jobs for some of our lead and zinc miners who are out of work.

But what we need is to ascertain the full facts. The object of my resolution is the appointment of a committee of 16—5 Members from the Senate, 5 Members from the House, and 6 members from private life—who are familiar with various phases of the gold-mining industry and the problems of gold. Legislation could be recommended by this select joint committee if it found this to be desirable.

The Interior Department and the Bureau of the Budget have stated they are not opposed to the creation of a select committee to make such a study.

In a recent letter Assistant Secretary of the Interior Wormser remarked:

The Department of the Interior recognizes that the gold-mining industry is unique in that the Gold Reserve Act of 1934 restricts the market for its product to the Treasury at a fixed price which has remained unchanged for nearly 20 years while the prices of most other commodities and wage rates have risen substantially. This situation and the accompanying hardship that appears to have developed at many gold mines offers

a field for investigation with the possibilities for recommendations for constructive action.

This is the first kind word any agency has said about an attempt to aid domestic gold mining in many years. I trust, Mr. Chairman, that the Members of this House will press for a favorable report on my resolution and will pass it at this session so that the study can be made during the summer recess.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Chairman, this program has worked well. Over 1,800 veterans are living in homes in Ohio today who would not own those homes had it not been for this program. It does not solve the problem of every veteran who needs a direct loan, but it is a step in the right direction. It is, we think the maximum amount of money that we could get enacted into law, and without its enactment any amount we might want would be useless. I want also to discuss a little bit the question of interest rates. These direct loans are necessary because financial institutions will not lend the veteran the money he needs for his home, and where they will not lend him the money, his only hope is this direct-loan program. The committee last year considered the interest rate, and I think we were unanimous on the Committee on Veterans' Affairs that the rate should remain at 4 percent and not be increased to 4½ percent. But it was increased. This subcommittee is going to hold hearings on housing with respect to the interest rates. They are going to hold hearings on something else which I think is very important, and will, if it operates properly, enable us in the future to eliminate the necessity for a direct-loan program. At the present time these loans to veterans are guaranteed to the extent of 60 percent of their value. The committee is going to hold hearings and may increase that to 75 or 90 percent. I am convinced that if these loans were guaranteed to 90 percent of their value every lending institution in the country would accept them and every veteran who wanted a home could get a loan through the normal lending channels making unnecessary this direct-loan program.

So while I am not a member of this subcommittee—I am a member of the general committee—I say that our Committee on Housing will hold these hearings.

I think the only way and the best way to get good legislation is through the regular committees of the House and through the regular procedures of the House. If we are permitted to proceed in that manner, to consider a proper interest rate, to consider how much of these loans should be guaranteed by the Government, we will be able to come to the House with a bill before this session is over which I think will do far more for the veterans of this country than any speedy action we might take today without the full consideration of this committee itself.

This is a good bill. I hope the bill will pass the House and be enacted into law this year.



Mr. EDMONDSON. Mr. Chairman, I believe the gentleman from Ohio [Mr. AYRES] wanted to close the debate. We have no further requests for time on this side.

Mr. AYRES. Mr. Chairman, before yielding the balance of my time to the able chairman of our committee, the gentlewoman from Massachusetts [Mrs. ROGERS], I would like to commend the gentleman from Ohio [Mr. SECREST] on his remarks regarding the interest rate. As chairman of the subcommittee I may say that we are going to hold hearings on the possibility of increasing the guaranty on the loans from 60 percent. I am quite certain that that is the way to handle any increase or decrease of the interest rate rather than to attempt to do it here on a direct-loan bill.

Mr. Chairman, I yield the balance of my time to the gentlewoman from Massachusetts [Mrs. ROGERS], chairman of the Committee on Veterans' Affairs.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I wish to commend the members of the subcommittee for their very fine work on this and other legislation and for the very fine inspections under the leadership of the gentleman from Ohio [Mr. AYRES], who is chairman of the Subcommittee on Housing. We have a great deal to be thankful for. The other member of that subcommittee, the gentleman from Vermont [Mr. PROUTY], the gentleman from Pennsylvania [Mr. BONIN], the gentleman from Texas [Mr. TEAGUE], and the gentleman from Oklahoma [Mr. EDMONDSON] have without exception been most helpful. This subcommittee has held hearings at various points throughout the country and these hearings have been most helpful to the full committee and to the Congress.

The Clerk read as follows:

*Be it enacted, etc., That title III of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended as follows:*

(1) By striking out "June 30, 1954" from clause (C) of section 512 (b) and inserting "June 30, 1955" in lieu thereof.

(2) By striking out "June 30, 1954" from the first sentence of section 513 (a) and inserting "June 30, 1955" in lieu thereof.

(3) By striking out "June 30, 1955" from the third sentence of section 513 (c) and inserting "June 30, 1956" in lieu thereof.

(4) By striking out "June 30, 1954" from the first sentence of section 513 (d) and inserting "June 30, 1955" in lieu thereof.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 2, after line 8, insert a new section appropriately numbered to read:

"Interest on veterans' loans: Interest upon any loan which bears interest at a rate of not exceeding 3½ percent per annum, and any part of which is guaranteed under title III of the Servicemen's Retirement Act of 1944 as amended, shall not be included in gross income for income tax purposes and shall be exempted therefrom."

Mr. AYRES. Mr. Chairman, I make a point of order that the gentleman's amendment cannot be considered on a bill involving direct home and farmhouse loan authority, that the amendment would have to be considered by the appropriate committee of the House. It is not germane to this bill.

The CHAIRMAN. Does the gentleman from New York [Mr. MULTER] desire to be heard on the point of order?

Mr. MULTER. Mr. Chairman, the bill now being considered is entitled "to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes."

My amendment seeks to do just that; in other words, to make additional funds available therefor. The purpose, as indicated by the amendment, will bring about that very result. It will make more funds available to the program, it will extend the program to more veterans who can then acquire the benefits thereof by the simple expedient of making this low interest rate tax exempt.

The CHAIRMAN. The Chair is prepared to rule.

The amendment offered by the gentleman from New York is too broad. It deals with a problem which comes within the jurisdiction of the Committee on Ways and Means and goes entirely outside of the purposes of this bill. The Committee on Veterans' Affairs does not have jurisdiction over gross income for income tax purposes. For the reasons stated, the Chair is constrained to sustain the point of order.

Mr. MULTER. Mr. Chairman, it is indeed regrettable that this House will be precluded from the opportunity of voting on my amendment which would be of such tremendous benefit to the veterans of our country. This amendment has been recommended by substantial bankers of our country as a certain means of bringing more money into the market for veterans' loans, thus making more homes available to veterans at a lower cost to them and at practically no cost to the Government.

It is very fine for the Members of this House to stand on the floor and decry the fact that veterans are now paying higher interest rates than they should pay. It is fine for our Members to weep copious tears over the fact that the hard-money policy of this administration increased the interest rates on veterans' mortgages. It is indeed nice to hear our colleagues say that now that the money market has eased off they will study the matter of cutting the interest rates back to what they were on these veterans' loans.

It did not require much study to immediately shoot the interest rates up another one-half percent when this administration's sound-money policy made money harder to get.

I cannot understand what study is necessary to restore those interest rates to what they were before.

I can understand even less why a permissive program that will reduce the interest rates to 3½ percent should not at least be tried to determine whether or not it will do any good.

As a Member of this august body I can do nothing but submit to the sustaining of a point of order against my amendment.

I wonder what the reaction of the veteran will be when told that the point

of order deprives him even of the right to try to get a lower interest rate on his loan.

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of this measure and join with other Members who have said that the subcommittee has done a fine job in bringing it here for consideration today. But I do think that if the measure went by as a routine proposition without some note being taken of what it really means in terms of policy on this side of the aisle, which now has the majority and the responsibility for policy, it would be a mistake.

These are direct loans by the Government for mortgage purposes. I would like to have seen the committee in addition actually increase the authorization to the tune of \$200 million.

It is a fact today that veterans are buying homes and that most of the new homes are being sold almost exclusively to veterans. This is not a good situation for the economy of the country and I hope the gentleman from New York [Mr. MULTER], and other members of the Committee on Banking and Currency will liberalize mortgage terms in the forthcoming House bill so as to give non-veterans, who are also very numerous in the country—there are about 20 million veterans and about 60 million people gainfully employed—an opportunity to get into the new housing market.

Our sights should be set not for a million new homes a year, which is inadequate to America's needs and inadequate to America's productive capacity, but to not less than 1½ million homes a year and to an optimum 2 million new homes per year. Let it be noted that the Republican majority in the House of Representatives has no fear of bringing in a bill for direct Government loans for home mortgages where veterans cannot find mortgage money otherwise—the question not being determined by doctrinaire considerations but by a determination not to stop the home-building program.

Mr. AYRES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Ohio.

Mr. AYRES. I thank the gentleman for his kind remarks. I can assure him that if I have anything to do about it, if the direct-loan program does not revolve faster during the next year than it has in the past 2 years, given the opportunity I will be for increasing it next year. I do feel, however, that if we can increase the guaranty on GI loans—the defaults on veterans' payments are very low—we will find private capital anxious to get out into the so-called rural areas.

Mr. JAVITS. I should say, too, that the impetus ought to be in the direction of lower mortgage interest, insofar as we can possibly affect mortgage interest rates upon the fundamental basis that we have an outstanding commitment to the country made by the President, and the President has, in effect, said that if it is necessary to accept deficits in order to avoid a recession he will accept deficits. So whatever stimulus is required to the use of the productive capacity of the country—and new-home

starts are certainly one of its fundamental bases—I hope very much that it will be given, and I think it is very salutary and indeed very encouraging that this measure brought out by this committee represents a realization in part of that commitment, and that we are not afraid at all to undertake a direct lending program and extend it where it is necessary to expand the rate of home construction. I hope that same philosophy of initiative and doing something affirmative about our problems will continue to control with this majority in the House of Representatives.

Mr. MULTER. Mr. Chairman, I ask unanimous consent to extend my remarks immediately following the sustaining of the point of order to my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SADLAK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8152) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes, pursuant to House Resolution 480, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

#### RED CHINA MUST BE KEPT OUT OF THE U. N.

Mr. BYRD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include additional matter.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BYRD. Mr. Speaker, under leave to extend my remarks, I wish to include an article which appears in the April edition of the American Legion magazine. Harold Lord Varney is the author of this article, and it is entitled "Why Red China Must Be Kept Out of the U. N."

There is no subject toward which I have a stronger feeling than the subject matter of this article. To admit Red China to the United Nations would be, in my way of thinking, a tragic error, a political blunder of the greatest magnitude, and a retreat from high moral principles unthinkable in the minds and hearts of

freedom-loving, God-fearing peoples the world over. I recommend the reading of this article to the membership of this House.

#### WHY RED CHINA MUST BE KEPT OUT OF THE U. N.

(By Harold Lord Varney)

Are we headed for another Yalta?

Absurd as it may seem, high-level American and British policymakers are definitely thinking in terms of another "deal" with Moscow. The nub of the deal is the purchase of a phantom Far East peace by the admission of Red China to the United Nations. It is all very hush-hush at this stage, but there are accumulating signs that top figures in American and British foreign policy are already committed to this dishonorable step. The initial moves are likely to be seen in the aftermath of the recent Four Power Conference at Berlin.

Secretary Dulles gave a hint of what was in prospect in his November 9 statement that American opposition to Red China in the U. N. is not a "permanent policy." Ambassador Arthur H. Dean, on January 3, disclosed the ploy which will be used to sell the deal to the public when he talked about an American New Look at Far East policy aimed at detaching Red China from Russia—the old Tito nonsense. British VIPs, spearheaded by former Prime Minister Clement Attlee, have been insistent for admission—and admission now. This whole discussion comes after 4 years of twisting and turning by former Secretary Acheson on the admission issue.

In the sobering shadow of America's 32,000 Korea dead, it seems little short of sacrilege to propose that Red China be allowed to shoot its way into the U. N. Wherever public opinion has been sampled, Americans have been virtually unanimous against it. Only last July, the House of Representatives, by a vote of 379 to 0, put Congress on record against admission of Red China. Currently, the Committee for One Million, supported by many Legionnaires, is circulating a giant petition to President Eisenhower to keep Peking out of the U. N. Senator WILLIAM F. KNOWLAND has a widely supported resolution before the Senate providing for outright American withdrawal from the U. N. if Red China comes in. In the face of these plain indications of American sentiment, short-sighted American and British policymakers are proceeding doggedly with the plan. The timetable, set by Soviet Russia, calls for a showdown this year.

When and if the deal is made, it will be executed with deceptive diplomatic slickness and finesse. The fact that it is appeasement in its rawest form will be skillfully disguised by unctuous talk about peace. Just as Yalta was sold to the American public as an agreement that would save 300,000 American lives in Japan, so United Nations admission will be plugged as the move which will make possible the end of American blood-letting in Korea. When the issue is decided, the United States may even go through the motions of voting "No" in the U. N. Security Council if Russia and Great Britain find they have enough votes to win without us. The important thing is that we will not use the veto—we have already renounced that right, on the China issue, by accepting the U. N. thesis that admission is a procedural action to which the veto does not apply.

When the surrender comes it will be done with mirrors.

What such a decision will mean to the United States, in terms of national security, is plain to see. U. N. admission of Red China followed, as it inevitably will be, by American recognition of Mao Tse-tung's government, will mean an abrupt about-face in American Far East policy. With all our China mistakes of the last decade, we have

never abandoned our support of the free forces in China in their struggle to reclaim that country for the free world. Admission and recognition of Peking will be an unmistakable sign that we have relinquished our fight for a free China. It will be an announcement that we have recognized the finality of Communist rule over the 470 million Chinese. It will be a bitter message to Chiang Kai-shek, and notice to the tens of millions of Chinese who are still in resistance that their cause is doomed. Worse, it will be an unmistakable signal to anti-Communist South Koreans, Japanese, Indochinese, and others who are holding the thin line for the free world in East Asia, that the United States is an uncertain ally in the fight against the glacial advance of communism.

The end result is certain to be the collapse of the whole free world position in East Asia, with its unimaginable consequences of future acute danger to the United States.

If we adopt this policy of scuttle and run in the Far East, what will it mean to future America in terms of basic security? In our reliance upon day-to-day expedients, few Americans have taken time to think out the long-range implications of our blundering Far East policy since 1945. There has been a tragic failure to recognize that a permanently communized Asia will confront the United States with a world in which we cannot continue to live as a free nation.

Any honest facing of Far East realities brings us squarely up against two overriding facts which should be the key and the timetable for all our Far East decisions. These are: (1) That the United States now stands close to the peak of its power and world preeminence; and (2) that Soviet Russia, backstopped by China, while now far behind, is coming forward at a pace which could conceivably overtake and pass the United States sometime in the decade beginning 1970.

If we keep these facts clearly in mind, we shall understand the impelling reason for Russia's urgency that Red China be admitted forthwith to the U. N., an urgency which first manifested itself when Malik walked out of the U. N. in 1950. We shall also understand why the United States, if it values its future, cannot in safety yield an inch to the Moscow-Peking axis on this issue. Admission, with the resultant consolidation of Communist power in Asia, is the No. 1 step in Russia's strategic plan to overtop America.

To realize the yawning abyss which lies before America if we permit Russian schedules to work out, it is necessary to envisage the immense military potential which Red China is likely to reach in the decade of the seventies. If we resignedly accept the thesis that continental China is to be permanently ruled by the Communists, as the British and many Americans are now doing, then we are up against some extremely uncomfortable prospects.

We must face the fact that China is a "sleeper" among great nations which, for over 30 years, has been on the brink of a spectacular industrial awakening. It is the irony of history that the awakening now seems fated to come under communism, instead of free China. What has delayed the awakening has been the unbroken procession of civil and foreign wars which palsied Kuomintang China during the 21 years of Chiang Kai-shek. No single period of more than 12 months during the Generalissimo's rule was free from warlord, anti-Japanese or anti-Communist strife. The present Communist regime, for the first time in modern Chinese history, has a relatively united continental country behind it, and can proceed uninterrupted with the industrialization of China. It is doing so today.

The idea that China, like Japan before it, can develop an industrial system of terrific productivity is not new, nor is it the discovery of the Communists. As long ago as 1921 Dr. Sun Yat-sen, father of the Kuomintang,



sketched the outlines of China's master plan for industrialization. It was an overall plan which included railway and highway building, conservation, better housing, modernized agriculture, public health, and far-reaching engineering and mining projects. It called for a network of technical and vocational schools to prepare a technically-trained future generation.

For 28 years, this Sun Yat-sen plan was the unfinished business of Nationalist China, repeatedly held up before Chinese gaze by Chiang Kai-shek as the great economic goal which could be realized with the attainment of peace. It was the malign fate of the Kuomintang leaders that they never attained peace.

The Communists, when they seized China in 1949, dusted off the old Sun Yat-sen plan and bolshevized it. Mao used his first 3 years of rule to carry out a 3-year plan to repair the ravages of the World War II and rebellion years and to restore China to its 1937 productivity levels. For Manchuria the sights were set on the 1943 Japanese production mark. Mao has substantially reached his goal, if we may believe available reports. The magnitude of the reconstruction task may be inferred from the 1952 report of Po Yi-po, Peking Minister of Finance, that \$3 billion (U. S.) was allocated that year in the national budget to economic reconstruction—an amount which topped 1952 defense totals by approximately 75 percent. This despite the drain of the Korean war.

Red China is now in the first of what promises to be a series of 5-year plans, which will equip the nation with a mass production economy. Like the Soviet model, the plans will mount in crescendo with the years. The first plan, while providing a year-by-year stepup of all present industries and mines, as well as farm productivity, proposes to lay the foundation for what is to follow.

First, and most significant, it will beat the China transportation problem by linking up China's western and northwestern rail networks with Soviet Russia. All indications point to the vast border province of Sinkiang—a storehouse of undeveloped and largely unexplored mineral riches—as the intended pivot of China's industrialization program. The discovery of uranium in undisclosed richness southwest of Tihwa is a preview of what may come. Russian technicians have been in Sinkiang, except for a few years in the forties, since 1933, secretly mapping out the resources and strategic possibilities of the province. The current 5-year plan will see Red China's rail line between Lanchow and Tienhsui in the northwest, and the uncompleted line between Chungking and Tienhsui in the west, joined up with Soviet Russia by a railroad which will be driven 1,200 miles through Sinkiang to the Siberian border. A Russian line will then link this trans-Sinkiang railroad with Russia's own Turk-Sib Railroad, which parallels the China Northwest frontier, and thence with the trans-Siberian line.

Once this is completed, the way will be clear for the construction of a great top secret industrial district in China's northwest, secure from ordinary attack from the Pacific direction, which will be a tributary of the vast complex of war plants which Russia has conjured up in the Lake Baikal, Kurnetsk Basin and Tashkent areas. Direct rail connection with Siberia will give the new Chinese development an uninterrupted supply and equipment link with Russia itself, and the European satellites.

When we recall the recent National Geographic Society disclosure that Russia's primary atom bomb and power plants are located in the Lake Baikal region, and near the uranium deposits in the Uzbek Republic at Tashkent, we can see the broader significance of the Sinkiang developments in China. The Tashkent area is just across

the border from Sinkiang. China's emerging industries will be joined with Russia's string of Central Siberian war industries. The two economies will constitute a single burgeoning unit, pointed at America.

While the focus is on the northwest, Red China is proceeding steadily with the restoration and extension of the great industrial complex which the Japanese created in Manchuria. Here Red China has come in for a free legacy in the form of the estimated \$2 billion capital investment which Japan sank in the province. It was Chinese Communist immobilization of this region—the richest in China—that strangled Chiang Kai-shek's economy during the nightmarish years between 1945 and 1948, and which contributed heavily to his fall. Since they gained full control of Manchuria in 1948, the Chinese Reds have restored it and meshed it into the general economy of China. The ambitious plans of Peking for Manchuria are apparent from the reported 1952 industrial construction increase of 225 percent above corresponding figures for 1951. Four-fifths of this construction, it was stated, was in heavy industry. It is significant that 9 of the 10 major projects in the 5-year plan are for Manchuria. The termination of hostilities in Korea, permitting the restoration of the Japanese-built Yalu River hydroelectric installations, will accelerate Manchurian industrial expansion.

Red China blueprints apparently call for the massing of China's economic might in the two northern regions of Manchuria and the northwest, both adjacent to Siberia and capable of being joined, in time of war, with the Russian economy. Central and south China will be given the role of feeder to the north, their own development made secondary, at least for the initial years. Agricultural China will pay the bill under a mercenary system of forced production drives and confiscatory taxation.

How great Red China's ultimate contribution to the Russia-China axis will be is conjectural. Certainly it will be immense. China is sitting on an untapped storehouse of natural resources vital to heavy industry. A large part of this latent mineral treasure, in the unknown regions of Central Asia, has not even been surveyed. A part of the first 5-year plan calls for a thorough geologic survey of the nation—a task which was initiated by the National Resources Commission of the old Chiang government.

At present China stands where Russia stood in 1928 on the eve of its first 5-year plan. It is certain to repeat many of Russia's experiences, although it comes to its undertaking with many advantages which Russia lacked 25 years ago. If uninterrupted by political developments, it seems likely that China will accomplish the miracle of industrialization far more rapidly than did its sister Communist State.

China's immediate problem is to get successfully past the first 5-year plan. It is the first plan which is the hardest. National economic disbalances are then most acute. The strain upon the population is most punishing. Bugs appear in the program, and an inexperienced and inept leadership makes grave mistakes. There is a constant shortage of administrators and technicians. It is during the first 5-year plan that the United States will have its best opportunity to derail the whole undertaking.

It is in the nature of 5-year plans to widen out expansively after the first faltering start. Tempo quickens. Know-how is acquired. Each plan feeds the next: the basic industries and transportation systems laid down in the first 5 years are the scaffolding of the later projects. After a few years the whole enterprise picks up amazing speed and smoothness.

As was the experience during Russia's first plan, the American public will hear much

misleading scuttlebutt from wishful thinkers, about the failure of the plan. We will be told that the people are rising up against it. The old wishful thinking about a split between Mao and Malenkov will be served up with many variations. I believe we can be prepared to discount most of this. Given political stability, Mao's zealot team can succeed in its ambitious venture.

Working in Mao's favor are several factors which have not yet been sufficiently weighed. One is the peculiar fitness of a totalitarian system for high-pressure public-works undertakings. This is as true today as in the times of Cheops, the pyramid builder, or of Shih Huang-ti, the Emperor of the Great Wall. The monolithic state, with its total power over each individual citizen, can mobilize a nation's resources without the waste motion of the democratic process. Appropriately, Mao's state has its army of labor slaves—political prisoners—ready to be hurled into the construction task as human expendables. Matthew Woll, in his startling report to the United Nations, estimated their number at between one and two million; other unconfirmed estimates are higher. In a status scarcely higher than the political slaves are the recruited armies of peasants and city unemployed who are sent, under Communist discipline, to labor on public works. One dispatch from behind the Bamboo Curtain tells of 20 million peasants recruited at one time to work on the giant conservation and hydroelectric projects on the Yangtze, Hwai, and Yellow Rivers.

A second major factor is the high rate of educability of the Chinese people. Only in the early stages of the plans will China be dependent upon Russia and the European satellites for technical direction. Today, the hand of the Russian is felt heavily at all points in China's industrialization picture. Once Red China's technological school program gets into mass graduate production, keen-minded Chinese youths will be able to take over the posts of responsibility and operate the new industrial apparatus. And youth, unfortunately, is still in large numbers behind Mao Tse-tung in China. Like the Japanese, the Chinese is ready and teachable for a high-power economic system.

A third factor which will play into Red China's hands, during the coming years, is the fatal soggy of thinking among so many of the eggheads who control public opinion in the free world. The Institute of Pacific Relations lunacy of the war period is likely to be repeated in a new form. Let Mao Tse-tung get past his present Korea hurdle, let him make a few conciliatory gestures, and a sizable clique of liberals, both in Great Britain and the United States, will begin rooting for the success of his 5-year plan. China's industrialization will be seen, not as a threatening war maneuver, but as a bold new program. A hint of what is to follow was the recent announcement of a Detroit auto man that he looked to Red China as a bright spot for the marketing of American cars. It is not inconceivable that U. N. voices will be raised to urge International Bank for Reconstruction and Development loans to China to aid the 5-year plans, or technical-assistance grants. Some of us are that foolish. Certain it is that large sections of the West will quickly drop their guard against Peking, once the Korea shooting war is over. Mao may be depended upon to exploit this fuzzy mindedness of western liberals with the same expertness with which he played ducks and drakes with the Institute of Pacific Relations.

If Red China's calculations work out, the China which will confront us in 1970 or thereabouts is something which will raise the hackles on even the most optimistic.

China is a flood of manpower which needs only to be trained and harnessed to a modern industrial and military apparatus to upset all the ratios in the modern world. Russia's

210 million have shown a political momentum, since they acquired a modern economy, which has staggered the West. China's 470 million, will be an avalanchial force.

The Korean war has upset all western fixed beliefs by revealing that the Chinese soldier, if expertly led and modernly equipped, is a first-rate fighting man. Generals Stilwell and Wedemeyer told us the same thing, years before, but we did not heed them. We had to learn it the hard way. With inexhaustible sources of manpower at its command, China has only to solve the problem of materiel, to become unbeatable. Already, the Korean war has given Mao a headstart toward his ultimate goal which has cut years off his timetable. It has given him a nucleus of trained fliers who have had more modern combat experience than those of any other nation except the United States. It has given him a fleet of 1,500 or more Russian jet planes. It has given him a battle-hardened core of shock troops, 1,200,000 of whom have received combat experience fighting the best that America could throw against them. Already in advance of the 5-year plans, Communist China looms as a formidable military power.

Twenty years of cumulative 5-year plans will place an industrial plant behind the Chinese Red Army, which will transform it into the world's most dynamic fighting machine. Before the prospect of such an army equipped like the West with air power, guided missiles, and the atom and hydrogen bombs, all present American calculation of a free-world shield of island powers stretching from Hokkaido through Formosa to the Philippines and Australia takes on a hot-house unreality. If we are realists, we must accept the bitter fact that nothing in Asia could stand up against such an army, or even a portion of its maximum strength. By the same token, there is grave doubt that even the United States could withstand the China Red Army which will be in being by 1970, when allied with the crushing might of Soviet Russia.

A cold-blooded mathematical view of what lies ahead for us, if China remains Communist, leaves no other conclusion than that the United States will face a consolidation of anti-American might in the 1970's which makes our survival as a free nation highly uncertain. If, on some bleak day in the seventies, we wager our survival upon a man-to-man, plane-to-plane, weapon-to-weapon test of strength with the Moscow-Peking axis, as it then will be, the outcome will be at the best doubtful.

Fortunately, there is an escape for America from the nightmare future which appears to be building up for us in Asia. That escape is to stop Red China now. This does not mean going to war with her, but it does encompass measures which will keep Mao Tse-tung from consolidating his power. For example, it is to prevent him from ever getting set for the industrialization which would make him a military giant. It is to refuse firmly to entertain any appeasement policy toward him, now that he is weak, such as diplomatic recognition or U. N. admission. It is to refuse to negotiate a quitter's peace in Korea which will leave him the physical and moral fruits of victory. It is to place full American military and economic support behind Syngman Rhee, Chiang Kai-shek, and such other leaders of Asiatic military forces as are willing to fight our battle. It is to strangle Mao, from his eastern side, by a tight, unrelaxing embargo, which will require the full going cooperation of our supposed allies. It is to encourage, in all rewarding ways, the guerrilla forces within China which are eroding communism's grip upon the country, and to promote, through our CIA, the infiltration of continental China with trained saboteurs and resistance leaders from Formosa and the other islands. It is to take all necessary steps, even including direct trade subsidy, to prevent Ja-

pan from slipping into the Red China orbit through a resumption of Japanese-Chinese commerce. It is to keep Red China in such a state of domestic turmoil and uncertainty as to prevent her from reaching the political stability under which the 5-year plans can be successfully carried out.

Even this may fail, but it is worth trying. It is the humiliating record of those who have decided Far East policy for America that they have had three extremely favorable opportunities to halt Mao Tse-tung, and that they have muffed all three. The first came in 1946 when our Marshall mission made the ghastly mistake of embargoing and restraining Chiang Kai-shek when he was ahead in his civil war with the Chinese Communists. The second came in 1948 when the United States washed its hands of Nationalist China while Chiang still controlled two-thirds of the continental area and, with help, could have stopped the Reds at the Yangtze. The third came in 1951 when General Van Fleet had the Chinese Communists in Korea softened up for the knockout punch and was restrained from delivering it.

The present opportunity to halt Mao Tse-tung is not as favorable as any of the preceding, but we must take it, or risk the unthinkable. The difference between the present choice, and the prior three, is that the endangered nation in 1946, 1948, and 1951 was not the United States but Nationalist China and South Korea. Today, it is ourselves. There are times when a nation which has reached the pinnacle of world leadership must lead, or succumb to more resolute nations. The present is such a time. Its opportunities may never be repeated, if we muffed them. They will certainly be forfeited if we allow ourselves to be detoured into the bottomless bog of appeasement.

#### DEPLETION PROVISIONS OF TAX LAW

The SPEAKER. Under previous order of the House, the gentleman from Oklahoma [Mr. STEED] is recognized for 10 minutes.

Mr. STEED. Mr. Speaker, the Ways and Means Committee, operating in the deliberate, thorough fashion which is one of its commendable and characteristic traits, voted recently to renew, without major change, depletion provisions of tax law as they pertain to oil and gas.

Since that time, however, Senator JOHN J. WILLIAMS, of Delaware, has introduced, on his behalf and that of Senator GEORGE D. AIKEN, of Vermont, an amendment to reduce the deduction allowed for depletion of oil and gas from 27½ to 15 percent. Earlier, Senator WAYNE MORSE, of Oregon, visited my State for an address before a group of members of the Americans for Democratic Action. In the course of that visit, he was interviewed by the Daily Oklahoman. In its issue of February 2, that paper says the Oregon Senator "leveled a quick shot at the proposed oil industry deductions of the expense of drilling dry holes from income taxes."

"I am going to vote against Oklahoma's drilling dry holes at the expense of the people of Oregon," the Senator was quoted as saying.

This more than coincidental series of outbreaks against depletion is, of course, of real concern to me, for I believe the district of Oklahoma which I represent contains more oil men and oil wells than any other district in the country. My State ranks fourth in the Nation in the production of petroleum and third in the

number of producing wells. In 1953, it produced more than \$500 million worth of oil. Since the discovery of oil there in 1891, it has produced 7 billion barrels of oil, valued at more than \$10 billion.

The production alone of oil and gas provides direct employment for 42,900 people in my State. Oil, in other words, is an important and positive factor in the economic health of Oklahoma.

The Senator from Oregon, as a matter of fact, may be interested to know that, according to Internal Revenue Service figures, Federal collections of revenue in Oklahoma totaled \$656,009,053 in 1953, as compared with only \$472,892,053 in Oregon. These facts lead one to wonder just who is paying Federal taxes at whose expense. The fact is that the dry holes drilled in Oklahoma are a necessary adjunct to the discovery of oil which is of direct benefit to the people of Oregon, both as citizens interested in the Nation's defense, and as consumers. Actually, Oklahoma's ratio of wells completed to dry holes is about 5 percent superior to the national average.

The misimpressions just described are unfortunately typical of much of the thinking regarding depletion provisions of tax law, especially as they relate to the oil and gas industry. The facts are clear that the oil and gas industry pays at least its full share of taxes to the Federal Government, as well as to State and local subdivisions of government. In a study of the period 1942 to 1949, for example, it was shown, from Department of Commerce figures, that, out of every dollar of oil and gas producers' sales, these producers paid 5.71 cents in Federal and State income taxes as compared with 4.19 cents for all other industries. It is clear, then, that the petroleum producing industry has historically paid its fair share of taxes.

The Members of the House are aware, of course, of the fact that Congress has studied depletion provisions of tax law again and again since the income tax law of 1913, with the result that the combined wisdom of over 40 years has gone into these provisions. These provisions, as they stand now, have been unchanged after 28 years of scrutiny.

I know many oil men. Some of them are my neighbors. I know quite well that some of the marginal operators in the industry occasionally have their ups and downs. Not all oil men are wealthy, even though a few that you read about in the papers may be. We must remember that wealth and newsworthiness sometimes go hand in hand. This may not be good, but it is nonetheless true. And any man who is courageous enough, and lucky enough, to discover a new field of oil, would be a millionaire without depletion. If he can succeed with the cards stacked against him, why should he not have the benefits that accrue to the risk of capital?

Paradoxically, it has been the wildcatter who has found the oil which has enabled this country to successfully fight two wars in an age when petroleum-powered weapons were indispensable. Today, with the exception of one atomic-powered submarine, we are wholly dependent on oil fuels at a time in which machines of defense are more important



than ever before. Even that lone submarine would be helpless without petroleum lubricants. The loss of depletion, or a substantial reduction thereof, would be a severe blow to the wildcatter who has had the courage, and often the foolish courage, to risk his dollars where the larger fellows feared to tread, in the hope of finding new sources of oil. The defense of this Nation is closely related to welfare of the domestic oil producing industry.

During the last year, 82.5 percent of all exploratory wells drilled in this country were dry. The risk element in the oil industry is probably unsurpassed by any other. Depletion provisions of tax law, as they apply to oil and gas, are aimed at recognizing this risk element to some degree. These provisions must be maintained, at no lower level than now, in order to assure the discovery of new domestic reserves by the wildcaters who have traditionally found these reserves.

Another oft-forgotten factor in these indiscriminate attacks on depletion, is that of the real and tangible prosperity which accompanies the discovery of oil. In 1951, the total value of petroleum produced in all States amounted to more than \$6,500,000,000. This petroleum production stimulated general economic expansion in 30 separate oil producing States. Farmers, grocers, and workers benefited from this activity. The value thus created flowed out through our entire Nation and constitutes one of the bulwarks for the Nation's economic health.

Nor is the discovery of oil confined to a set area. Oil is fluid, in more than one sense, and the last year has seen the discovery of oil in South Dakota, Nevada, and Arizona. Prospects for future discovery are high, especially in the South and the Northwest. In 1951, more than 273 million acres, or 14 percent of the land area of the entire Nation, were under lease for oil and gas exploration or development.

Time and again pessimistic people have contended that the country is running short of oil. Yet for 20 consecutive years, excepting wartime, this Nation has found more oil than it has used. There is no reason to believe that the future will bring a reversal of this trend. The number of oil-producing States, now 30, can be expected to grow in the years to come if incentives remain to encourage the search, in nonoil-producing States, for new domestic sources of oil.

There is absolutely no question that reduction of depletion provisions would cause a sharp cutback in drilling in my State and in my district. And while my district is fortunate enough to have oil as a resource, it is not as fortunate in the case of some other resources found in plenty in other States.

Diminishing production of oil in my district would be accompanied by a loss of revenue to State and local governments; a decline in income to local businessmen; lowered employment and, ultimately, in decreased population. The loss of potential production of oil would provide a serious obstacle to Oklahoma's future economic progress.

It is regrettable that those who speak most frequently and vehemently against depletion provisions are also the people who apparently know nothing of the mechanics of its operation. Knowing little about depletion, and having no inclination to know more, they lash out in blind disregard of the mountain of facts that has been willingly laid before Congress, over the years, since Woodrow Wilson was President.

This, then, is a challenge for analysis, rather than glibness; for cogent, positive thinking, rather than indiscriminate attack; and for mutual advance, rather than an onslaught on the ranks of a great American industry.

The use of an attack on oil as a vehicle to ride one's way into office has been too often used. It is akin to sterile thinking. Such thinking, if it were national in scope, would be that of an aging, bickering nation, rather than one in the full blush of its youth. Fortunately, this sniping is not typical of the thinking of the people of this country.

Let us hope that a positive and clear attitude on the problem will prevail. It has, for some 40 years, and after deliberation by thousands of Members of Congress. I am confident that the future will see their judgment vindicated.

#### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Record, or to revise and extend remarks, was granted to:

Mrs. ROGERS of Massachusetts and to include extraneous matter.

Mr. BONIN and to include extraneous matter.

Mrs. KEE and to include a statement on juvenile delinquency.

Mr. ENGLE in two instances and to include additional matter.

Mrs. SULLIVAN and to include a letter.

Mr. FISHER and to include an editorial.

Mr. YORTY in four instances and to include extraneous matter.

Mr. CHUDOFF.

Mr. SADLAK and to include extraneous matter.

#### ADJOURNMENT

Mr. NICHOLSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Thursday, March 25, 1954, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1383. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to extend the period of election under the Uniformed Services Contingency Option Act of 1953 for certain members of the uniformed services"; to the Committee on Armed Services.

1384. A letter from the Chairman, United States Advisory Commission on Educational Exchange, transmitting the 11th semiannual report of the United States Advisory Commission on Educational Exchange, pursuant to section 603 of Public Law 402, 80th Congress (H. Doc. No. 355); to the Committee on Foreign Affairs and ordered to be printed.

1385. A letter from the Assistant Secretary of the Interior, transmitting the 12th annual report of operations for the fiscal year ended May 31, 1953, pursuant to section 13 of the Boulder Canyon Project Adjustment Act (54 Stat. 774) approved July 19, 1940; to the Committee on Interior and Insular Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REED of Illinois: Committee on the Judiciary. Report pursuant to House Resolution 296. Resolution authorizing the Committee on the Judiciary to make an investigation of all claims arising out of the explosions at Texas City, Tex., on April 16 and 17, 1947; without amendment (Rept. No. 1386). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN of Michigan: Committee on Government Operations. Eleventh intermediate report of the Committee on Government Operations on the use of nonappropriated funds by executive agencies; without amendment (Rept. No. 1387). Referred to the Committee of the Whole House on the State of the Union.

Mr. MERROW: Committee on Foreign Affairs. Senate Joint Resolution 12. Joint resolution to request the International Joint Commission on United States-Canadian Boundary Waters to make a survey of the proposed Passamaquoddy tidal power project, and for other purposes; with amendment (Rept. No. 1413). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 8044. A bill to extend the authorization for funds for the hospitalization of certain veterans in the Philippines; with amendment (Rept. No. 1414). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 8180. A bill to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers, sailors, and airmen of the United States; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 60. Concurrent resolution favoring the suspension of deportation of certain aliens; with amendment (Rept. No. 1388). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 61. Concurrent resolution favoring the suspension of deportation of certain aliens; with amendment (Rept. No. 1389). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 675. A bill for the relief of Mrs. Romola Nijinsky; with amendment (Rept. No. 1390). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 689. A bill for the relief of Mrs. Keiko Inouye; with amendment (Rept. No. 1391). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 692. A bill for the relief of Nina Makeef, also known as Nina Berberova; with amendment (Rept. No. 1392). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 707. A bill for the relief of Dr. Ignacy Adam, Mrs. Amalya Alexander Adam, and George Adam; with amendment (Rept. No. 1393). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 737. A bill for the relief of Harold Donaghy Bishop; without amendment (Rept. No. 1394). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 792. A bill for the relief of Faiga Kunda; without amendment (Rept. No. 1395). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 807. A bill for the relief of Sister Isabel (Purificacion Montemayor Maceo); without amendment (Rept. No. 1396). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 808. A bill for the relief of Joseph Vyskocil; with amendment (Rept. No. 1397). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 848. A bill for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem; without amendment (Rept. No. 1398). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 849. A bill for the relief of Mrs. Stella Rebner; without amendment (Rept. No. 1399). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 897. A bill for the relief of Abul K. Barik; without amendment (Rept. No. 1400). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 967. A bill for the relief of Robert George Buldeath and Lenora Patricia Buldeath; with amendment (Rept. No. 1401). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1144. A bill for the relief of Martha Farah; with amendment (Rept. No. 1402). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1189. A bill for the relief of Njeh Hovhannissian Aslanian; with amendment (Rept. No. 1403). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1348. A bill for the relief of Alwine Reichenbach; without amendment (Rept. No. 1404). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1657. A bill for the relief of Antonio Messina; with amendment (Rept. No. 1405). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1699. A bill for the relief of Rev. Roger Knutsen; without amendment (Rept. No. 1406). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1948. A bill for the relief of Mrs. Fung Hwa Liu Lee; with amendment (Rept. No. 1407). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2427. A bill for the relief of Annie Litke; without amendment (Rept. No. 1408). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2505. A bill for the relief of

Lajos Schmidt and his wife, Magda; with amendment (Rept. No. 1409). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2875. A bill for the relief of Dr. James K-Thong Yu; without amendment (Rept. No. 1410). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2907. A bill for the relief of Elizabeth Just Mayer; without amendment (Rept. No. 1411). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4701. A bill for the relief of Josip Stanic; without amendment (Rept. No. 1412). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. THOMPSON of Texas:

H. R. 8528. A bill to provide a method for compensating claims for damages sustained as the result of the explosions at Texas City, Tex.; to the Committee on the Judiciary.

By Mr. CHUDOFF:

H. R. 8529. A bill to offset declining employment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to the Committee on Public Works.

By Mrs. CHURCH:

H. R. 8530. A bill to amend the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes"; to the Committee on Education and Labor.

By Mr. HAGEN of Minnesota:

H. R. 8531. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, with respect to certain employees of the Department of the Army who served with the Far East Command; to the Committee on Post Office and Civil Service.

H. R. 8532. A bill to permit certain temporary clerks in the postal field service to acquire a classified civil-service status; to the Committee on Post Office and Civil Service.

H. R. 8533. A bill to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. MILLS:

H. R. 8534. A bill to amend section 502 of the Servicemen's Readjustment Act of 1944, so as to increase the maximum amount in which farm realty loans may be granted thereunder; to the Committee on Veterans' Affairs.

By Mr. O'BRIEN of New York:

H. R. 8535. A bill to establish in the Department of Agriculture a Milk Publicity Bureau; to the Committee on Agriculture.

By Mr. O'HARA of Illinois:

H. R. 8536. A bill to provide for the issuance of a special postage stamp in honor of Mary, mother of Christ; to the Committee on Post Office and Civil Service.

By Mr. SHORT:

H. R. 8537. A bill to repeal certain laws relating to professional examinations for promotion of medical, dental, and veterinary officers of the Army and Air Force; to the Committee on Armed Services.

By Mr. SEELY-BROWN:

H. R. 8538. A bill to provide for the revocation or denial of merchant marine documents to persons involved in certain narcotics violations; to the Committee on Merchant Marine and Fisheries.

By Mr. SHORT:

H. R. 8539. A bill to extend the period of election under the Uniformed Services Contingency Option Act of 1953 for certain members of the uniformed services; to the Committee on Armed Services.

H. R. 8540. A bill to amend section 201 (e) of the Career Compensation Act of 1949, as amended, to provide for advance payments of certain pay and allowances of members of the uniformed services, and for other purposes; to the Committee on Armed Services.

By Mr. WAMPLER:

H. R. 8541. A bill to provide that leave accrued by members of the Armed Forces while held as prisoners of war in Korea shall not be counted in determining the maximum amount of leave which they may accumulate or have to their credit; to the Committee on Armed Services.

H. R. 8542. A bill to provide that the leave accruing to a member of the Armed Forces while he was held a prisoner of war in Korea shall not be subject to the 60-day limitation on the maximum amount of leave which might be accrued by such member; to the Committee on Armed Services.

By Mr. CURTIS of Nebraska:

H. R. 8543. A bill limiting the application of the Federal Power Act as to States and municipalities, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GRANAHAH:

H. R. 8544. A bill to offset declining employment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to the Committee on Public Works.

By Mr. GWINN:

H. R. 8545. A bill to limit taxing and spending; to the Committee on Ways and Means.

By Mr. HOSMER:

H. R. 8546. A bill to amend the Internal Revenue Code with respect to the collection of delinquent taxes; to the Committee on Ways and Means.

H. R. 8547. A bill to deny benefits, under the civil-service and other Federal retirement systems, to persons convicted of felonies involving moral turpitude; to the Committee on Post Office and Civil Service.

By Mr. PERKINS:

H. R. 8548. A bill granting the consent of Congress to the Breaks Interstate Park compact; to the Committee on Interior and Insular Affairs.

By Mr. WAMPLER:

H. R. 8549. A bill granting the consent of Congress to the Breaks Interstate Park compact; to the Committee on Interior and Insular Affairs.

By Mr. GRANAHAH:

H. J. Res. 480. Joint resolution placing individuals who served in the temporary forces of the United States Navy during the Spanish-American War in the same status as those individuals who served in the Army for equal periods of time during that war and who were given furloughs or leaves upon being mustered out of the service; to the Committee on Veterans' Affairs.

By Mr. MACK of Illinois:

H. J. Res. 481. Joint resolution to amend the act of July 5, 1949 (Public Law 157, 81st Cong.); to the Committee on House Administration.

By Mrs. PFOST:

H. J. Res. 482. Joint resolution establishing a joint committee to investigate the gold-mining industry; to the Committee on Rules.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. HESELTON: Resolutions of the General Court of the Commonwealth of Massachusetts, memorializing Congress relative



to the Federal Social Security Act; to the Committee on Ways and Means.

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States relative to the Federal Social Security Act; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BONIN:

H. R. 8550. A bill for the relief of Mrs. Hildegard Savner; to the Committee on the Judiciary.

By Mr. CONDON:

H. R. 8551. A bill for the relief of John J. Cowin; to the Committee on the Judiciary.

By Mr. HUNTER:

H. R. 8552. A bill for the relief of Mrs. Elizabeth A. Traufeld; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H. R. 8553. A bill for the relief of Mother Amata (Maria Cartiglia) and Sister Ottavia (Concetta Zisa); to the Committee on the Judiciary.

By Mr. PHILLIPS:

H. R. 8554. A bill for the relief of Maria M. Khoe; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 8555. A bill for the relief of Ruth Margot Hansen; to the Committee on the Judiciary.

By Mr. POWELL:

H. R. 8556. A bill for the relief of Edson Rhodes Mills; to the Committee on the Judiciary.

By Mr. SIMPSON of Pennsylvania:

H. R. 8557. A bill for the relief of Ezio Bertoni; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

577. By Mr. DOWDY: Petition of a number of dairymen of Nacogdoches County, in the Seventh Congressional District of Texas, requesting Congress to maintain and keep the 90-percent parity on dairy products as it has existed; to the Committee on Agriculture.

578. By Mr. GROSS: Petition of Lulu B. Smith and 52 other residents of Marshall County, Iowa, urging passage of H. R. 1227, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to

the Committee on Interstate and Foreign Commerce.

579. By Mr. NORBLAD: Petition signed by Mrs. Laura Christensen of Lafayette, Oreg., and 106 other citizens of the State of Oregon, urging consideration of and passage of the Bryson bill, H. R. 1227, to prohibit the transportation in interstate commerce of alcoholic beverage advertising in newspapers, periodicals, etc., and its broadcasting over radio and television; to the Committee on Interstate and Foreign Commerce.

580. By the SPEAKER: Petition of the president, City Council, Philadelphia, Pa., with respect to the modification of the provisions of the National Immigration Act; to the Committee on the Judiciary.

581. Also, petition of the city clerk, city of Lincoln Park, Mich., recommending an increase in the personal income-tax exemption from \$600 to \$800; to the Committee on Ways and Means.

582. Also, petition of Arthur R. Pinkerton and others, Fort Myers, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

583. Also, petition of Alfred B. Hunt and others, Orlando, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

## EXTENSIONS OF REMARKS

### Inadequacy of Anti-Espionage Laws

#### EXTENSION OF REMARKS

OF

### HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Wednesday, March 24, 1954

Mr. WILEY. Mr. President, one of the very first projects which I initiated as chairman of the Senate Foreign Relations Committee in the 83d Congress was to arrange for the preparation of a study of the inadequacy of our Nation's anti-espionage and related laws.

I did so in particular connection with my responsibilities as chairman of the Special Subcommittee on Security Affairs. This subcommittee was set up at my personal request at the very first meeting of the Committee on Foreign Relations in 1953.

I have long been interested in this overall subject, particularly because now I am the ranking Republican of the Senate Judiciary Committee, and in the 80th Congress served as its chairman. The Judiciary Committee is, of course, vested with responsibility for internal security.

This is not merely a domestic problem, of course. I know full well that just as our own Nation's security laws are exceedingly lax, so the laws of many allied countries are even more lax and less adequate to cope with the problem of Communist traitors in their midst.

#### BILLS SHOULD BE EXPEDITED

Mr. President, this is March 24, 1954. I do not know how long this 2d session of the 83d Congress will last; nor does anyone else at this particular stage.

It is clear, however, that as we head into the final months of this Congress, we are going to be confronted by a mass of legislation.

I am hoping, therefore, that necessary legislation to tighten our internal-security laws, to close the literally dozens upon dozens of loopholes, will be enacted in time and will not become lost in the shuffle. I know that the National Security Council shares my desire in this respect.

#### TWENTY-EIGHT PAGE COMMITTEE PRINT

The printed study which resulted from my request to spotlight present legal inadequacies was published last April by the committee. It took 28 full pages merely to highlight these inadequacies. We could probably have devoted 280 pages toward exploration of them in further detail, and toward enumerating still further loopholes.

#### MR. SOKOLSKY'S COLUMN

In this connection, I was very pleased that the distinguished syndicated columnist, Mr. George E. Sokolsky, has devoted his column today to pointing up the implications of the study which I had initiated.

I ask unanimous consent that the text of Mr. Sokolsky's article be printed in the RECORD, to be followed by the conclusions of the Senate Foreign Relations Committee print to which I have referred.

There being no objection, the article and committee conclusions were ordered to be printed in the RECORD, as follows: [From the Washington Post and Times-Herald of March 24, 1954]

#### THESE DAYS

(By George E. Sokolsky)

#### THE LOSING BATTLE

Senator ALEXANDER WILEY makes a point that should be obvious to all but is over-

looked because historic changes are difficult to note at the time they occur. He says:

"Let us first note that Soviet Russia has demonstrated that techniques of internal destruction are integral parts of its foreign policy. The U. S. S. R. has, in effect, revolutionized the entire intelligence and related fields in international relations. It has placed espionage on an assembly-line basis, graduating hundreds and thousands of agents, expertly trained as cadres in the interrelated skills of agitation, insurrection, espionage, sabotage, and subversion in countries throughout the world."

This has never occurred before in any country. Espionage used to be an art devoted to the single purpose of obtaining military secrets and policy plans. To "agitation, insurrection, espionage, sabotage, and subversion" should be added "infiltration," which is the strongest weapon because it places directly inside a government agents of another government.

The very existence of such a weapon has a damaging effect, since literally everyone becomes suspicious of everyone else. The fact that there could be even one Alger Hiss, one Harry Dexter White, one William Remington, lays all employees of Government open to the prospect of screenings, investigations, clearances, etc. It is a demoralizing condition.

In a report prepared by the Committee on Foreign Relations with the assistance of the Library of Congress, dealing with the adequacy of United States laws with respect to offenses against national security, from which the above quotation from Senator WILEY was taken, this idea is emphasized that while only a fraction of 1 percent of those engaged in the British-American-Canadian atomic energy program were in a position to give Soviet Russia any vital information, the Russians got the information:

"But, the Soviet network penetrated that tiny fraction of 1 percent and achieved the remarkable feat of stealing crucial secrets through Klaus Fuchs, Bruno Pontecorvo, Alan Nunn May, and David Greenglass—all of whom possessed the variety of relatively rare requisites to secure valuable information about our atomic program."

When, therefore, it is suggested that all the investigations lead to nothing because they usually turn up small men, the answer must be that who could have been more obscure than Julius Rosenberg or his brother-in-law, David Greenglass?

Nevertheless, Rosenberg penetrated two of the most secret areas in the world, Los Alamos and Fort Monmouth. He arranged to place his cells in both organizations. He secured cover for his agents, got the stuff out, and prevented his agents from being caught.

It was hoped that the Fort Monmouth investigation would produce the techniques of Rosenberg's operations. Congressional investigations may be a last opportunity to discover how an obscure personality like Julius Rosenberg could do so magnificent a job for his principals.

The Constitution in the current situation really protects traitors, and it may one day be necessary to amend the Constitution to safeguard this country against the new weapons the Soviet universal state uses against us. This is the constitutional definition of treason:

"Treason against the United States shall consist only in levying war against them, or in adhering to their enemies, giving them aid and comfort. No person shall be convicted of treason unless on the testimony of two witnesses to the same overt act, or on confession in open court."

Neither Congress nor the courts may enlarge on this definition. That is why most traitors are convicted of perjury or not convicted at all. It is growing increasingly difficult to prove that a person is adhering to our enemies, and if faced by the question, he need only take a plea under the fifth amendment and he is safe.

#### CONCLUSIONS OF COMMITTEE STUDY

In varying circumstances, a hostile act against the United States may be punished as treason, as a violation of the international law of war, or as a breach of a specific statute. But in many instances such conduct may escape punishment entirely. Among the factors which contribute to that result are the following:

1. The definition of treason does not cover a conspiracy to overthrow the Government which has not ripened into an actual levying of war, or aid given to a foreign power which is hostile in fact, but not an enemy in contemplation of law.

2. The requirements for proof of treason make it virtually impossible to convict a clever conspirator of this crime.

3. The law of war, by its terms, operates only in time of war.

4. Much of the statutory law penalizing hostile conduct is directed primarily against wartime offenses.

5. Where applicable in time of peace, many statutes define offenses against national security by reference to national defense, thus creating a doubt concerning their applicability to the mutual security program.

6. Statutory offenses are defined in terms of particular acts which may injure the United States or aid a foreign power. By inadvertence or by choice of policy, an unforeseeable variety of acts which may accomplish these results are not penalized.

7. A number of statutes do not deal with attempts to commit the offenses therein defined.

8. Many of these crimes are subject to short statutes of limitation which may bar prosecution before the violation of law is discovered.

9. Constitutional guaranties of a public trial and due process of law make it difficult to prove certain offenses, particularly espionage, without endangering national security by disclosing secret information.

10. Restrictions on admissibility of evidence, such as that obtained by wiretapping,

increase the difficulty of proving violations of security laws.

11. The limited scope of extradition treaties may enable an offender to avoid punishment if he leaves the country before the crime is discovered, or thereafter escapes.

12. The immunity enjoyed by diplomatic representatives is, and the privileges and immunities of employees of international organizations may be, an obstacle to the detection and punishment of subversive activities.

### Action of Committee on Veterans' Affairs

#### EXTENSION OF REMARKS

OF

### HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mrs. ROGERS of Massachusetts. Mr. Speaker, this morning the Subcommittee on Hospitals of the Committee on Veterans' Affairs met in executive session and disposed of two matters that have been under active consideration for some time. I submit below two resolutions that received unanimous approval of the subcommittee, and later of the full committee. The first of these is the result of extensive hearings during the first session of this Congress upon the subject of the hospitalization of non-service-connected veterans. The second resolution pertains to the disposition of hospital sites that have been determined to be excess or surplus by the Veterans' Administration. We also reported H. R. 8044, extending hospitalization in the Philippines for 5 years and H. R. 8180, increasing aid to State homes.

The resolutions follow:

Whereas the Subcommittee on Hospitals of the Committee on Veterans' Affairs did circulate a questionnaire among all Veterans' Administration hospitals and other medical facilities during 1953 in an effort to determine the efficiency and adequacy of their operation; and

Whereas said subcommittee held hearings of 3 weeks' duration, providing 1,265 pages of printed testimony, on the subject of entitlement and eligibility of veterans for hospital care; and

Whereas all interested organizations, including veterans' groups, medical societies, and appropriate officials of the Government were heard on this subject; and

Whereas the Veterans' Administration has issued an addendum to the admission application form for hospital care requiring the listing of assets and liabilities for non-service-connected cases; and

Whereas information on said addendum is not to be divulged to other than appropriate Veterans' Administration officials; and

Whereas said addendum does not preclude hospitalization for needy cases: Therefore be it

*Resolved*, That the committee approves the present unlimited hospitalization of service-connected veterans; and be it further

*Resolved*, That the Committee on Veterans' Affairs urges the cooperation of all veterans' groups and all other parties interested in medical care for veterans that the new admission policy be given a fair trial and period of operation before any final conclusion is reached on its workability or feasibility; and be it further

*Resolved*, That no legislation be considered on this subject until the effect of the new policy has been determined; and be it further

*Resolved*, That the committee approves the continued hospitalization of non-service-connected neuropsychiatric and tubercular veterans; and be it further

*Resolved*, That the committee approves the continued hospitalization of other groups of non-service-connected veterans where beds are available and the veteran does not have the ability to pay for private hospitalization.

Whereas on March 3, 1954, the Committee on Veterans' Affairs adopted a motion asking the Administrator of Veterans' Affairs and the Administrator of General Services Administration to rescind any action previously taken looking to the disposal as surplus property 16 hospital sites declared excess to the needs of the Veterans' Administration; and

Whereas 3 days of hearings have been held by the Subcommittee on Hospitals concerning these 16 sites; and

Whereas testimony from all parties interested in this question was received by said subcommittee; and

Whereas 2 of the sites have already been disposed of, and the remaining 13 were not suitable to the needs of the Veterans' Administration, for the following reasons: Lack of patient load in the area of the site, inability to staff the hospital, or objection to the site by the Civil Defense Administration: Therefore be it

*Resolved*, That the Administrator of Veterans' Affairs be requested to reserve the hospital site at Gainesville, Fla., for 5 years from the date of approval of this resolution, and that no further action be taken by the Veterans' Administration to dispose of this site prior to the expiration of this 5-year period; and be it further

*Resolved*, That the Administrator of General Services Administration be requested to return to the custody and control of the Veterans' Administration said site at Gainesville, Fla.; and be it further

*Resolved*, That the Committee on Veterans' Affairs interposes no objection to the disposal of the remaining 15 sites in accordance with existing law.

### One Hundred and Thirty-third Anniversary of Greek Independence

#### EXTENSION OF REMARKS

OF

### HON. EARL CHUDOFF

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. CHUDOFF. Mr. Speaker, on March 25 of this year, Americans of Hellenic descent throughout the length and breadth of this great country will join all freedom-loving peoples throughout the world in celebrating and commemorating the 133d anniversary of Greek independence, an independence won over tyrannical Ottoman rule by a long and heroic struggle.

In view of the indisputable fact that Greece today stands as a fortress of freedom in the Mediterranean and is of great importance strategically and geographically to our own national defense and security as well as being a true and staunch ally, the United States has invested billions of dollars in the rehabilitation of Greece, the cradle of Western civilization. It is now an accepted fact that this investment was indeed a wise and judicious one, because our firm



stand and financial assistance to Greece has resulted in uniting Greece, not only internally but also with Turkey in their common stand against communism.

Americans of Hellenic descent in the great city of Philadelphia intend to celebrate appropriately on March 25 the anniversary of Greek independence by proper observance, and I am certain that similar celebrations will reverberate throughout the entire United States in all cities, whether large or small.

**"Together Let Us Labor As One Strong Force"—How Mercer County, W. Va., Is Organizing To Combat Juvenile Delinquency**

**EXTENSION OF REMARKS**

OF

**HON. ELIZABETH KEE**

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mrs. KEE. Mr. Speaker, it is with good cause that the Nation is aroused over the spreading disease of juvenile delinquency, that the Senate of the United States has a special subcommittee of the Judiciary Committee working toward a solution of this national disgrace, that agencies of government at every level and men and women of good will in all communities are intent on studies into the cause and cure of the social sickness which so tragically affects so many of our youth.

The magnitude of the problem is well known. We cannot read a newspaper without experiencing a sense of shock in the reports of youthful offenders and the seriousness of the crimes in which they have been involved. We have it on the authority of J. Edgar Hoover that crime in the United States is today costing us an average of \$495 per family—\$20 billion a year. And much of this terrible cost of crime is lodged in the crimes of juveniles.

**THE COST OF CRIME IN UNDERSTANDABLE TERMS**

Twenty billions of dollars is an almost incomprehensible sum, Mr. Speaker. What does it represent in terms we can comprehend? It is the equivalent of all of the profits of all of the corporations in the United States last year after taxes. It is the equivalent of all of the money spent by all of the people in the United States in 1953 for clothing. It is the equivalent of all of the guns, ships, planes, tanks, uniforms, ammunition, all of the payrolls, and all of the other costs of whatever type and variety of the national defense programs of the United States during all of 1950. That includes 6 months of the costs of the Korean war.

Such, according to the chief of the Federal Bureau of Investigation, is the cost of crime in the United States every year.

How many schools could we build for that kind of money? How many swimming pools, parks, auditoriums, sports centers, bowling alleys? How many colleges? How many churches? How many

miles of muchly needed highways could we build?

Aside from the astronomical cost of crime and the high proportion of that cost attributable to juvenile delinquency, what about the social wreckage, the family tragedy, the human misery which accompanies the depredations of these maladjusted or sick youngsters who transgress, suffer, and cause suffering without end?

**MOST YOUNGSTERS ARE SOUND**

The problem has reached such proportions that it sometimes seems as if we are raising a generation not of children but of human monsters. And yet, when we regain our calm and look with more objectivity on the overall picture, we know—we cannot help but know—that most of our youngsters are sound and decent and fine kids, and those who have slipped their moorings are only a small minority which makes up in the virulence of its excesses for the comparative smallness of its size.

Comforting as that might be in statistical terms, it is small comfort indeed when we realize we have not "solved" the problem of juvenile delinquency, we have not found the key to its prevention, although we have the skill and energy and brains and initiative to unlock the innermost secrets of the atom.

What a commentary it is on our time, and on our civilization, that we can, with one thermonuclear device, erase life from vast areas of the landscape, but we cannot direct the lives of our youth sufficiently well to eliminate this scourge of delinquency.

But the picture is not all bad. As I said earlier, we are, as a people and in our own communities, trying to find the key, the solution, to this problem. We are not ignoring it. And I am sure we will progress.

**MERCER COUNTY ORGANIZES TO FIGHT DELINQUENCY**

I think one of the best approaches being made anywhere in the United States toward this goal is now taking place in my own home county—Mercer County, W. Va. It is a cooperative community effort which we dare to think is succeeding at least partially. And I am so deeply pleased and so impressed by the attitude and approach of this movement that I want to share our technique with the membership of the House in the hopes that our approach can be useful in other localities.

In Mercer County, Mr. Speaker, we used to like to think that juvenile delinquency was a "big city" problem and that the neighborliness and good feeling and, for want of a better word I would say the family and community spirit of smaller communities made for an avoidance of this problem.

True, young people in the area sometimes got into scrapes or into serious difficulties with the law, but we tended to look upon these things as random accidents of personality adjustment.

We forgot, I think, that in our lifetimes not only the mechanics of daily living had completely changed from a slower pace to jet speeds but that social relationship had also undergone a far-reaching change.

These changes came step-by-step over the years in a comparative gradualness which perhaps caused us to overlook their cumulative effect. It is only when we look at standards today with the eyes of children that we suddenly grasp the alarming fact that there is often a big difference between our preachments and teachings to our youngsters at home and the facts of life as these kids see life in the actual world of today.

**THIS IS EVERYONE'S JOB**

Perhaps even more significant is the fact that we may not have been doing the teaching or preaching at all—that instead of instilling what might be regarded sometimes as old-fashioned precepts, we were too busy with our activities and the youngsters too busy with theirs for there to be any real family discussions at all.

And that is where the Better Citizens League of Mercer County enters the picture. We in Mercer County were suddenly awakened to the unpleasant but stark reality that juvenile delinquency—yes and adult crime, too—were not "police" problems so much as they were the individual problems of every family and every neighbor and every church and club.

When we all have individual problems that are very similar, we inevitably find it advisable and effective to consult and advise with each other on handling those problems. And that leads to organization to do something, collectively, about them. Only then can we feel we are getting somewhere in finding a solution.

The Better Citizens League of Mercer County was organized last September. It was not a spontaneous thing, it required organizational zeal and missionary spirit. Fortunately for all of us in our county, those attributes were present in sufficient strength among outstanding civic-minded men and women to get the program underway.

We were told that crime was costing us—as taxpayers—staggering sums right in our own county; that the cost of maintaining the prisoners in the county jail during the preceding fiscal year had come to nearly \$30,000.

Talking dollars made sense to a lot of people, but much more important was the sense which was made by concrete illustrations and examples of what we, as citizens, could do about the problem.

**OBJECTIVES OF BETTER CITIZENS LEAGUE**

The slogan of the movement was "Save the child and you save the community." And these were the objectives which were outlined:

First. To give primacy to the human and spiritual values of life in order to improve the moral conduct of parents and children.

Second. To develop by precept and example a more aggressive and serviceable citizenship with a greater challenge to the home, the church, the school, and society at large, toward this purpose.

Third. To enlist Mercer County citizens in a crusade against juvenile acts of delinquency, adult crime, and together labor as one strong force to overcome this evil with good.

Fourth. To realize that the virtue of good character lies in the hearts of men

and women to be taught to their children. When it dies there, no law, nor court can save it.

Fifth. To practice, and to teach others, a greater respect for law, unqualified allegiance to our Government and love and respect for the invisible flag of our God and for the Stars and Stripes of our country.

Noble sentiments you say? Ah, yes; if that is all they are. But in this instance, a community aroused has enjoyed the thrill of putting these sentiments to work in earnest, and we believe we are getting results.

We have a board of directors for the league which includes our county superintendent of schools, the judge of our criminal court, other school officials, representatives of the department of public assistance, chamber of commerce, and the State college, and also representatives from the cities of Bluefield, Princeton, Athens, Matoaka, Bramwell, and Oakvale. The league has committees on juvenile crime, adult crime, recreation, law and order, publicity, school absenteeism, and church assistance. The president of the league, Mr. J. Sheb Dudley, is a man with a mission. Equally important, the membership of the league is composed of conscientious and far-sighted parents.

#### DELINQUENCY AND CRIME DECREASE

Mr. Dudley revealed in a report to the membership earlier this month that juvenile-delinquency cases, as well as truant cases, coming before the courts of our county have been greatly reduced in the past 3 months. Judge Walter V. Ross, the judge of our county criminal court, says this is due in large measure to the influence and activity of the league.

The league at last report had 1,000 members—1,000 men and women enlisted to work constantly in the home, in the church, in the service clubs and fraternal organizations, and in the community generally to aid our families to stay whole and happy and free of this virus of juvenile delinquency and crime.

To attack the problem the league decided it would be useful to learn more about it. Consequently, one of its most important steps since organization was a recent community seminar on juvenile delinquency at which one of the finest women in America, and one of the greatest experts we have on this scourge of delinquency, came to Bluefield to talk to the parents and other citizens of our county. I am referring to Dr. Martha M. Eliot, Chief of the Children's Bureau, who visited Bluefield on March 12. Her advice and counsel were most helpful and, even more important, reassuring; for the steps Dr. Eliot outlined as part of a model community drive on delinquency came close to paralleling those which Mercer County had already begun to follow under the leadership of the Better Citizens' League.

#### A GOOD START

Mr. Speaker, the citizens of Mercer County have not ended juvenile delinquency and solved all of our community problems of crime, maladjustment, dislocation, and human relationships. But

I think we have made a start—a good start, a firm and substantial start, a promising start, and an effective one—toward the organization of our skills and our energies and physical resources toward the conservation of our human resources—our youth, our families, our way of life.

If we can get across to ourselves and to each other the truism that there are no bad kids unless we fail somewhere along the line and let them go bad, we might well discover not only a path to prevention of delinquency but a route back to the genuine happiness of living we used to see so often and so clearly in our own younger days, and which we see today as only an occasional, exceptional, flashing rarity in our midst.

#### HAVE WE BEEN LOSING THE CAPACITY FOR HAPPINESS?

Is it possible that the decline in happiness and contentment despite the vast improvement in our well-being over the past years has robbed our children—or, at least, many of them—of the capacity for happiness, and thus of the ability to adjust to life's changes and life's demands and life's responsibilities? Could there be in this situation a key to the virus of delinquency?

I think, Mr. Speaker, that the way the citizens of Mercer County are going about their crusade to recement the relationships of adults and youth, to reestablish bases for a mutual sharing by adults and youth of the everyday good things of our life together, and to teach our families to work and play together in community enterprises may help to give us an answer to this and to many other vexing problems of social relationships.

The citizens of Mercer County are working at this project to make it work. And that is all one could ask. I have every confidence of full success.

### Postmaster General's Effort To Improve First-Class Mail Service Rejected by Civil Aeronautics Board

#### EXTENSION OF REMARKS

OF

### HON. CLAIR ENGLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. ENGLE. Mr. Speaker, on January 27 of this year, I called to the attention of the Congress a petition that the Postmaster General of the United States had filed with the Civil Aeronautics Board which urged that the Post Office Department be permitted to use the services of the all-cargo airlines in his experimental program of carrying ordinary surface mail by air. In his petition the Postmaster General gave many sound reasons why it would be in the public interest and vastly in the interest of properly conducting his current experiment in the carriage of ordinary surface mail by air for him to be able to

utilize the facilities of the all-cargo carriers.

On March 17, last week, by a 3-to-2 decision, the Civil Aeronautics Board rejected the plea of the Postmaster General and denied to him the privilege of utilizing the all-cargo lines in his experiment. Although the Board had previously determined that it had the power to grant such a request, the three man majority, Chairman Gurney, Member Ryan, and Member Denny refused to accede to the Postmaster General's request, and two of these members, Chairman Gurney and Mr. Denny went so far as to say that they did not find the Postmaster General's request in the public interest.

The Board's disregard of the best interests of the public and of the postal service is now apparent. Not only has regular airmail and air express been reserved solely for the passenger carrier competitors for airfreight, although economic conditions no longer justify the reservation of either, but now a completely new form of traffic, more closely resembling airfreight than anything else, is handed to the passenger carriers exclusively as top-off traffic subsidy for their airfreight operations in competition with those of the freight-only carriers. The Board might just as well put its official stamp of approval on the obvious process of attrition which has been invoked for about 8 years now against the only substantial effort ever made to develop transportation by air on a self-sustaining basis.

It is still hard for me to believe that the Board so intended but, if so, this is indeed a dark day when we in Congress must stand by and witness an agency of our Government take part in the strangulation of private initiative in American aviation and, at the same time, thwart the efforts of the Postmaster General to improve the postal service.

### Tabulation of Replies to Questionnaire on Issues Facing Congress

#### EXTENSION OF REMARKS

OF

### HON. EDWARD J. BONIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. BONIN. Mr. Speaker, last month I mailed a questionnaire to the people of my congressional district, requesting them to inform me how they felt about the issues we would consider in this session of Congress.

To date, I have received 8,495 replies. It is claimed that this return is a good barometer of what the people think and believe. I am pleased with the result of this project. It indicates an increased interest by the people of the 11th Congressional District in the problems of the United States.

About one-half of the people who made returns added explanatory remarks on the reverse side of the questionnaire. More than 2,500 enclosed letters and suggestions, and I must say that



they were very helpful and informative. In many instances, people qualified their "yes" and "no" answers to reflect their attitude on the more controversial issues.

The result of the poll reflects the percentage of people voting "yes," those voting "no," and the ones that expressed "no opinion."

#### Second questionnaire

	Yes	No	No opinion
1. Do you feel the Eisenhower administration is doing a good job?	77	19	4
2. Do you think the postal employees should receive a raise in pay?	50	33	17
3. Do you believe postal rates should be increased on all classes of mail?	25	66	9
4. Do you believe parcel post packages should be increased in size and weight?	46	34	20
5. Do you believe the civil-defense program should be strengthened by additional Federal aid?	69	17	14
6. Should reasonable changes be made in the Taft-Hartley Act?	80	9	11
7. Should the age limit for voting be reduced from 21 to 18?	37	63	
8. Do you think income taxes should be lowered by:			
Lowering the income-tax rate?	53	21	26
Increasing the exemptions for dependents?	49	33	18
Raising the exemptions for married couples?	59	19	22
9. Should social security be broadened to include groups not now covered?	76	13	11
Would you favor reducing the age limit for benefits from 65 to 60?	70	26	4
Would you favor increasing the amount a person may earn and still be eligible for benefits?	81	13	6
The social-security rate of 2 percent became effective Jan. 1. Should it be kept at that rate?	73	14	13
10. Do you believe the United States should remain in the United Nations?	76	15	9
11. Do you favor the investigation of Communist subversives by the McCarthy committee?	71	17	12
12. Do you favor the price supports and subsidies for farmers?	29	59	12
13. Do you think we should restrict imports which hurt our industries?	79	12	9
14. Do you favor the Bricker amendment which would abolish secret treaties?	54	32	14
15. Do you favor the United States making trade agreements with Russia?	17	74	9
16. Do you believe retirement funds and benefits should be nontaxable?	90	7	3
17. Do you think universal military training should be part of a high-school course?	56	37	7
18. Do you think cooperatives should be fully taxed?	80	10	10
19. Do you think the proposal for a deeper river channel between Trenton and Philadelphia on the Delaware River is a good one?	51	18	31

### Let's Have a Sound and Effective Farm Program

#### EXTENSION OF REMARKS OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. YORTY. Mr. Speaker, California farmers are bitterly disappointed in the President's farm program.

President Eisenhower in his proposals for farm legislation submitted to Congress last January, failed entirely to recognize the needs of fruit, vegetable, meat, poultry, and dairy farmers. During the political campaign he promised that plans would be worked out to extend price supports to perishable products. Yet he entirely ignored the problems of these producers in his farm message.

The President makes the freezing or setting aside of \$2.5 billion of existing farm surpluses and a return to the sliding scales of the 1949 act the key features of his proposal. We cannot build a sound and stable farm program on frozen surpluses and sliding scale supports.

Secretary Benson was right when he said farmers must produce for consumption and not for storage, but neither he nor President Eisenhower has come forward with a program which both protects the farmer against continually sliding prices and gets the supplies moved into consumption.

I recognized this problem last summer and I proposed a solution for it. In the CONGRESSIONAL RECORD for August 3, 1953, you will find my proposals.

At that time I said:

It is a sad commentary on American life that we have surplus foods stored so long they are spoiling while large segments of our population have inadequate diets.

I estimated that 25 million of our people were on old-age assistance, lived in broken homes, were on public-assistance programs or lived in families where there were 6 or more children under 18 years of age. A large proportion of the people in these groups have inadequate incomes to purchase the foods they need for a healthy diet. I urged that a program be developed to use our surpluses to supplement the diets of these disadvantaged groups.

We have had a national school-lunch program for more than 10 years now. It is doing a wonderful job in the schools where it is in operation. Children are getting a well-balanced meal at noon at a nominal cost. Those who cannot pay even this nominal charge get their lunches free. The schools are given supplies of nutritious foods, to the extent they can use them, out of Government stocks acquired in price support and surplus removal operations.

The school-lunch program is an ideal means of bridging the gap between existing surpluses and inadequate diets. Yet, do you realize the school-lunch program reaches only about 30 percent of our schoolchildren? We could increase milk consumption considerably if we would only reach more of our school children with a school-lunch program.

Let us take another look at the groups in our population who for one reason or another are not likely to have adequate incomes to provide sufficient food, clothing and housing to present-day prices.

We have 13 million people in the United States now over 65 years of age and 8 million people over 70.

We have 6 million families where the husband or wife is missing or 10 to 15 million people living in broken homes.

We have 2.9 million families or around 15 million people in families where there are 4 or more children under 18 years of age.

We have 5.7 million people drawing old age and survivors insurance under the social-security program.

We have 2.6 million individuals receiving payments under disability insurance and retirement programs.

We have 2.6 million receiving old-age assistance under the State old-age assistance programs.

We also have 1.9 million receiving aid under the State programs of aid to dependent children; 100,000 blind individuals receiving aid, and 195,000 permanently and totally disabled receiving public assistance.

In August 1953, the latest period for which information is published, 243,000 families or almost one million individuals were receiving assistance—relief payments—from State and local governments.

Finally, on February 20, 1954, 2.4 million individuals were receiving unemployment compensation checks.

We all know that not everyone over 65 is in financial need. We also know that many of our wealthiest families are broken up. Of the 2.4 million individuals drawing unemployment compensation checks many will get their jobs back in a few weeks.

Yet we also know that many of our retired people are having a desperate existence on their small savings or inadequate pensions. We also know that the vast majority of our middle class or low-income families where the father or mother is missing have serious economic problems. We also know that families with 4 or more children under 18 at home in the lower half of the income range have problems in meeting their living expenses.

In most countries nothing can be done for these disadvantaged groups because the level of production and income is so low that everyone is having trouble in maintaining minimum living standards. Here in America we are unusually fortunate. Our pressing agricultural problem is not how to get enough produced but how to get our bountiful supplies used. How fortunate we are.

The only sensible solution to our current problem of excessive supplies and inadequate consumption among substantial groups is to develop a modern version of the food stamp plan which worked so successfully before the war.

With unemployment increasing and living costs continuing at record levels I am convinced that at least 10 to 20 percent of our population is suffering from inadequate diets. This is all so unnecessary. Let us quit talking about the high cost of storing our farm surpluses and begin doing something about distributing them to disadvantaged people in our own communities.

Net income from farming has dropped one-third since 1947-48 and is still heading down while nonfarm incomes have been steadily rising.

Surely this is no time to throw in the towel.

Unless we hold price supports at present levels and move surplus stocks into consumption, farmers are going to suffer income losses which will threaten the stability of our entire economy.

The administration's apparent lack of interest in any of the many diverse proposals to get the surpluses consumed, almost forces one to reluctantly conclude that they actually desire to use these surpluses as a "sword of Damocles" to destroy the farm-price-support program.

### If Russia Blows the Whistle

#### EXTENSION OF REMARKS OF

#### HON. CLAIR ENGLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. ENGLE. Mr. Speaker, Gen. Curtis E. LeMay, of the Strategic Air Command, is known as a man of few words. He could not have used fewer words more effectively than in explaining the relationship between airpower and security. The general said:

Someone may blow a whistle on us tomorrow and we'll have to go out and fight.

If we do have to fight, we will need lots of airpower, and superior airpower. But the best reason for maintaining adequate airpower is that if we have it, we probably will not have to use it.

The real question raised by the so-called New Look is whether we are building sufficient airpower rapidly enough to keep us out of war. A new goal of 137 wings by June 30, 1957, has been substituted for the former goal of 143 wings by June 30, 1955. We are told that the 137 wings will have the combat strength of the 143, as a result of new developments in aircraft and new use of carrier aircraft. So the chief difference between the 143-wing program and the 137-wing program is one of goal attainment. The Secretary of the Air Force stated on Tuesday of last week to the Senate Appropriations Committee that the concept of a fixed D-day has been rejected, and the concept of a floating D-day substituted. But D-day will not be determined by the United States Department of Defense, nor by any congressional committee. D-day is on the enemy's calendar, not ours.

What we have postponed is not D-day but our readiness to meet it, if it comes. So the New Look in defense turns out to be primarily a loss of 2 years of precious time. The changing situation in the world has grown worse while we have thrown time away. False economies left us unprepared for the task we were called to perform in Korea. Delays and postponements now are not preparing us for what we may be called on to do tomorrow—if Russia blows the whistle.

Mr. Speaker, the first duty of the Congress is to provide the military strength essential to meet the Soviet threat, whenever—and wherever—it materializes. That means adequate airpower. Under the unanimous consent of my colleagues to extend my remarks, I insert

in the RECORD the following editorial from the Boston Record of March 8:

#### STAY IN FRONT

Gen. Curtis Lemay, Chief of Strategic Air Command of the Air Force, has what impresses us as the proper concept of the relationship between airpower and security.

He suggests that it is dangerous, and may be fatal, for America to be content with anything less than superior airpower because: "Someone may blow a whistle on us tomorrow and we'll have to go out and fight."

Inferior airpower is not capable of winning in modern warfare.

It is wholly incapable of preventing involvement in unwanted war.

Since victory in war, if we have to fight, and avoidance of war altogether, if that is possible, are among the top-most aspirations of the American people, the policy of getting out in front of our potential enemies in airpower and of staying in front should never be out of our minds.

If it is said that kind of airpower is expensive, that is true.

But it is not a fraction of the cost of fighting a victorious war.

The cost of losing a major war would be utter extinguishment of our national wealth and resources, not to mention the lives and freedom of our people.

Let America get the lead in airpower and keep it, as General Lemay admonishes, and if we don't manage to keep out of future war we will at least survive it.

### A Food Stamp Plan Would Be a Logical Method—Letter From Missouri Director of Welfare on Sullivan Bill

#### EXTENSION OF REMARKS

OF

#### HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mrs. SULLIVAN. Mr. Speaker, I wrote recently to Missouri Welfare Director Proctor N. Carter enclosing a copy of my bill H. R. 7870, and requested his detailed comments on the proposed legislation.

H. R. 7870 provides that "in order to promote the general welfare, raise the levels of health and of nourishment for needy persons whose incomes prevent them from enjoying adequate diets, and to remove the specter of want, malnutrition, or hunger in the midst of mountains of surplus food now accumulating under Government ownership in warehouses and other storage facilities," the Secretary of Agriculture would be authorized to distribute up to \$1 billion in surplus food a year to needy persons through a food-stamp system.

The food stamps would be issued by State or local welfare agencies voluntarily participating in the program and would be redeemable by the recipients at whatever type of local distribution point the Secretary of Agriculture would determine was most feasible. A needy person is defined under the bill as one "receiving welfare assistance—financial or otherwise—from the welfare department or equivalent agency of any State or po-

litical subdivision thereof, or who is, in the opinion of such agency or agencies, in need of welfare assistance but is ineligible to receive it because of State or local law," meaning residence requirements, and so on.

Surplus foods so distributed would be in addition to, and not in place of, welfare assistance already being given by the appropriate public agency.

I have outlined here the essential features of the bill, Mr. Speaker, because Mr. Carter's reply, which I know will be of interest to the membership of the House, discusses some of the provisions in some detail.

Mr. Carter, whose division of welfare in the State department of public health and welfare at Jefferson City, Mo., has jurisdiction over old-age assistance, aid to dependent children, general relief, child welfare services, aid to the blind, services to the blind, aid to the disabled, and the Federal Soldiers' Home, wrote me as follows:

DIVISION OF WELFARE,  
STATE DEPARTMENT OF PUBLIC  
HEALTH AND WELFARE,

Jefferson City, Mo., March 17, 1954.

HON. LEONOR K. SULLIVAN,  
Congresswoman, House of Representatives,  
Washington, D. C.

DEAR MRS. SULLIVAN: I was very glad to have your letter of March 15 and to have the opportunity to review and comment on H. R. 7870. I certainly agree with you wholeheartedly that some way should be found to distribute surplus foods to the needy persons in this country rather than continuing to build up vast stores in caves and warehouses.

Speaking from the experience of this agency in ministering to needy persons in the State of Missouri, I believe that a food stamp plan would be a logical method of giving additional help to the poorest families in this State. At the same time, I would hope that the regulations governing such an operation could be kept as simple as possible and free of unnecessary detail.

I have several questions and comments concerning the provisions of H. R. 7870 which I am including for whatever use you may wish to make of them:

1. In subsection (3) of section 2, you provide for the distribution of surplus food in packaged or other convenient form. If that provision would require additional administrative costs for packaging, transporting, warehousing, and distributing, would it not be better to confine the program to the issuance of stamps as provided in subsection (2), thereby using present warehousing and merchandising facilities?

2. Subsection (4) of section 2 provides that the Secretary of Agriculture would establish the standards under which the welfare authorities would distribute surplus foods to the needy. Would it be better to have such standards prepared by the Secretary of Health, Education, and Welfare, thereby utilizing present channels of operation between the States and the Federal Government? The Secretary of Agriculture would, of course, be the logical person to designate which foods are surplus?

3. Section 4 provides that the surplus food would be in addition to and not replace any welfare assistance. I believe this is a very desirable provision.

4. The first part of section 7 defines a needy person as anyone receiving assistance from a welfare department, which is very good. While I am very much in sympathy with the idea contained in the latter part of this section regarding persons who need



assistance but are ineligible, I have some question as to what regulations might be required in order to carry this out. For example, would it be necessary for our offices to make an investigation of each applicant in this group, would they be considered as being in need on the basis of their own statement, or would some other procedure be used in determining this fact? If an investigation would be required by our department, I believe it would add a great deal to our cost of administration.

Very truly yours,

PROCTOR N. CARTER,  
Director.

Mr. Speaker, I deeply appreciate the careful thought our State Director of Welfare has given to the proposed legislation. I am sure his comments, which are most valuable to me, will also be helpful to the House Committee on Agriculture when it takes up the subject matter of H. R. 7870.

In reference to the four points noted in his letter, I might say the proposal on packaging of the food in convenient form was made necessary, I believe, by the fact that many of the surplus commodities are now stored in bulk and it would otherwise be a problem to get butter, for instance, to individual recipients.

#### REASONS FOR CERTAIN OF THE PROVISIONS

There is much to recommend Mr. Carter's suggestion that the Department of Health, Education, and Welfare also participate in the food-stamp program, and I hope the committee will go into that and certainly invite witnesses from that Department to discuss that part of the bill. However, I still believe it necessary to provide the Secretary of Agriculture, as H. R. 7870 presently does, with direct authority to set the standards for the mechanics of the food stamp distribution system, since the technical problems of having the food in the right places at the right time and in the necessary amounts will all be his responsibility.

In the fourth point in Mr. Carter's letter, I recognize the fact that there will be a problem in the financing of the necessary certification of needy persons not on public welfare rolls. Whether Federal, State or local funds should be used for this purpose is a matter, I believe, that requires full hearings and intergovernmental discussions. Under H. R. 7870, Federal funds could be used for that purpose, but I have purposely not tried to designate the exact manner in which that problem would be handled.

The one thing in that connection that I do believe is absolutely necessary to the success of such a program, however, is that provision is made for participation in the plan by all families in actual need, whether on the public assistance rolls or not. The private charities are acutely conscious of this problem, particularly as it applies to unemployed persons who, under Missouri law, for instance, cannot qualify for public welfare if they are physically employable.

If the Congress adopts H. R. 7870, I know that the technical problem of financing certification of needy persons not on public welfare can be worked out.

## Pay Raises for Federal Classified Employees

### EXTENSION OF REMARKS

OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. YORTY. Mr. Speaker, tomorrow I will introduce a bill to increase the basic rates of compensation of the classified employees of the Federal Government. To my mind it is becoming more and more imperative that the Congress should act at the earliest possible moment to correct the inequitable and unbalanced situation which exists with regard to the salaries being paid those Federal employees who are subject to the terms of the Classification Act of 1949.

Some of the factors which make a salary increase mandatory at this time are easily discerned, others are somewhat more elusive. First of all, since 1939 the cost of living as measured by the consumers' price index has risen 93 percent. Classified pay rates during the same period have risen only about 74 percent on the average. In some of the higher grades, the raises since 1939 have been only a fraction of the average increase. The net disposable income of Federal employees, that is, the money which they actually receive and can spend to buy food, clothing, housing, and other goods and services, has been further decreased since 1939 by two other factors—higher taxes and increased compulsory retirement deductions from their pay. I do not mean to imply that Federal employees should not contribute to their retirement system. I am merely pointing out the fact that the rate of contribution has increased from 3½ percent to 6 percent, with a consequent decrease in take-home pay.

A national magazine some months ago featured a story with the following headline: For Government Employees: Pay Is Up But Living Standards Are Down. A subhead pointed out that the pay hikes looked big on paper but that taxes and inflation ate up the raises and then some. Another subhead pointed out that wage earners, particularly those in unions, were receiving take-home pay which, even after living-cost rises, would buy one-fourth more than it did in 1939—Why Public Jobs Are Hard To Fill, U. S. News & World Report, Washington, October 10, 1952, p. 20. Along similar lines, employees in the manufacturing industries have received salary increases averaging 25 cents an hour since July 1951, the date of the last Federal pay raise.

Having noted that Federal pay increases have lagged far behind the cost of living and behind the raises granted in industry, we must ask ourselves if there is any conceivable reason why Federal classified employees should be expected to work for lower salaries than any other comparable group of American citizens. The answer to that question is an emphatic and unqualified "No."

We pride ourselves on our fairness and on our lack of discrimination, but are we being fair to these Federal employees when we fail to take the necessary steps to protect their economic status? We hear repeated statements from members of both political parties, from officials of the present administration, as well as officials of the previous administration, to the effect that the great majority of Federal employees are conscientious, efficient, and capable employees who compare most favorably with employees found in private enterprise. No one will deny that there may be some Federal employees who fail to measure up to desirable standards, but if they remain in Government that is a criticism of our management techniques and not a valid excuse for failing to adjust Federal pay scales. Criticism of a few, however justified, should not be stretched to include the great bulk of Federal employees who are performing in a satisfactory manner and many of whom are rendering highly distinguished service to their Government.

The salary plan offered by the administration has upon examination proved to be inadequate. Under its provisions, 75 percent of the classified employees would get pay increases of \$3.50 a week or less, and 14 percent would get practically nothing at all. The administration plan would correct some of the more glaring inequities in the present salary situation, but it simply does not go far enough to be much more than a sop. Certainly it provides no basic solution to the problem and at best represents only a stopgap measure.

The bill which I am introducing is in the nature of an amendment to the Classification Act of 1949 and provides increased compensation for each of the 18 grades in the general schedule and the 10 grades in the crafts protective, and custodial schedule. Increases start at \$400 for grades GS-1 and raise to \$1,000 for some of the super-grade jobs. The increases requested have been carefully worked out to adjust as many as possible of the inequities in the present salary system, but the bill is not an extreme proposal. The increases requested are modest, and take into account the consideration that economic conditions throughout the Nation might make it inadvisable at this time for Federal employees to press for the full redress due them. This bill is the minimum which we must provide to right an intolerable situation. Federal classified employees' salaries have lagged behind the cost of living; the increases granted since 1939 have not been comparable to those granted in industry; Federal employees as a whole are a capable and deserving group; and the administration pay plan is wholly inadequate. These are the chief reasons I offer for the support of this bill which I am introducing. I have not even mentioned a number of other elements which also play an important part—the morale of employees, the difficulty of recruiting able people to serve in the Federal Government at low salaries, the necessity for so many Federal employees to

hold another job in addition to their Government employment to make ends meet, and the economic stringency which forces their wives to work outside the home. All of these matters are of great importance and are directly connected with inadequate salaries now paid to Federal classified employees. It is my earnest hope that the situation will be remedied during this session of the 83d Congress.

### The Port of New Haven

#### EXTENSION OF REMARKS

OF

**HON. ANTONI N. SADLAK**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. SADLAK. Mr. Speaker, a great event took place in Connecticut last week when the steamship *Flying Enterprise II*, owned by the Isbrandtsen Steamship Co. and captained by the famous Kurt Carlsen, arrived at the port of New Haven on March 16. That occasion marked the start of an international general cargo trade that has been unknown to Connecticut for over 50 years.

Appropriate ceremonies to mark the event started when Mrs. Anne A. Mitchell, collector of customs for the district of Connecticut and members of her staff, riding aboard the Coast Guard cutter *Yeaton*, which had been ordered to New Haven by my good friend, Rear Adm. Louis B. Olsen, commander of the Third Coast Guard District, met the *Flying Enterprise II* at the entrance to New Haven Harbor and escorted her to her berth at T. A. D. Jones' New Haven terminal pier.

Aboard the cutter *Yeaton*, commanded by Lt. (jg) Charles J. Blaha, United States Coast Guard, in addition to Mrs. Mitchell, was the official welcoming party composed of Lt. Gov. Edward N. Allen; President Harry White, of the New Haven Chamber of Commerce, and his executive vice president, W. Adam Johnson; Capt. Fulton Rindge, naval aide to Gov. John Lodge; T. A. D. Jones, owner and operator of the New Haven Terminal; and New Haven Harbor Commissioners John Davidson, Harold Dahill, and Edward Jewett. Arthur Gosselin, chairman of the chamber of commerce harbor development committee, met the ship at the New Haven Terminal pier in company with New Haven's mayor, Hon. Richard C. Lee.

Two days of festivities followed in which Captain Carlsen and the Isbrandtsen Steamship Co. were feted and officially greeted to Connecticut by Gov. John Lodge.

The New Haven Journal Courier, on March 22, reprinted an editorial from the New York Herald Tribune in which they took note of the opening of the port of New Haven to general cargo shipping

traffic. Under leave to extend my remarks in the RECORD, I include the editorial:

#### THE PORT OF NEW HAVEN

It takes more than one ship to make a seaport, but New Haven is off to a good start. For 14 years the citizens of the city on the sound have been working toward making their harbor suitable for oceangoing vessels, a project which cost \$3 million and an untold amount of labor and effort. A century ago New Haven was a busy port for oceangoing vessels, including whalers, but with the coming of the heavier steamships, the port fell idle.

On Wednesday, however, an oceangoing vessel put into New Haven, the first in 50 years. It was a good ship, too—the *Flying Enterprise II* of the Isbrandtsen Line, commanded by no less distinguished a seaman than Capt. Henrik Kurt Carlsen. Isbrandtsen is the first line to have contracted for the regular use of New Haven's port facilities but city officials, and State officials, too, hope that others will follow soon. And there seems no reason why they shouldn't. New Haven's communal spirit, enterprise, and willingness to invest in the future have started to pay dividends. New York doesn't yet have to look to its laurels as the country's busiest seaport, but one of these days some smart Yankee promoter may get the idea of turning New Haven into an ocean passenger terminus with, of course, world cruises for Yale men and boat trains running to Manhattan.

### The Merchant Marine: Vital in Peace or War

#### EXTENSION OF REMARKS

OF

**HON. SAMUEL W. YORTY**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. YORTY. Mr. Speaker, in 1936 Congress established a national policy of fostering the development and encouraging the maintenance of a merchant marine adequate to serve both our peacetime and wartime needs. The Chamber of Commerce of the United States and the American Legion both have taken a stand in support of a merchant marine sufficient to carry a significant portion of our foreign commerce and to back up our Armed Forces in time of national emergency.

Our annual exports and imports amount to well over 200 million tons. The imports include large quantities of raw materials, many of which are obtainable only from foreign sources. These raw materials help to supply the daily needs of mills and factories throughout the United States. In turn, our exports consist mainly of commodities which have been produced by American industry and agriculture. It stands without question that the regular, uninterrupted flow of foreign commerce is essential to our economy. An adequate merchant marine provides fast, dependable ocean transportation and in-

sure the smooth passage of our foreign commerce.

Recent trends in American shipping have become a source of concern among those who recognize the importance of our maritime establishment. Reports indicate that as of 1951 approximately 46 percent of our foreign trade was carried in American-flag ships, with 54 percent moving in foreign ships. By 1953 the amount being transported in vessels of the United States had dropped to 26 percent, with 74 percent being carried in ships of foreign registry. It is evident that the merchant marine is not keeping pace with the rest of our vigorous economy. In fact, the merchant marine appears to be slipping behind, a trend contrary to nearly every other major sector of an expanding economy.

Besides posing a threat to the smooth flow of American commerce, the decline of the merchant marine can be translated into terms of unemployment. The American Merchant Marine Institute recently announced that approximately 30 percent of American seamen had become unemployed in the past several years due to this decline. Cutbacks of this proportion clearly are causes for sober reflection.

Shipbuilding and ship repair also are important parts of our economy. Shipyards in all parts of the country employ many thousands of workers. Moreover, the shipbuilding and ship-repair industry contributes to the maintenance of employment everywhere. Every State furnishes material or equipment for the industry. For example, my own State, California, supplies steel, machinery, red lead, glassware, asbestos, wool, cement, insulating material, and hard and soft woods in important quantities. A sharp decline in the shipbuilding and ship repair industry will certainly be felt throughout the economy.

If the ship operation and shipbuilding industries are important to the national welfare in peacetime, it follows that they are inestimably more so when war strikes. Supplying defense industries with vital raw materials assumes even greater importance under wartime conditions. Defense requirements demand increased quantities of strategic raw materials, many of which must be imported. Supply lines to our fighting forces and our allies must be maintained. During such periods of emergency, the survival of our Nation depends in large part on the merchant marine—the fourth arm of defense.

It is evident that the American merchant marine plays an important role in our peacetime economy, and that it serves as a vital link in our chain of defense during wartime. Prudence compels us to maintain a place high among the world's maritime powers. We cannot permit ships flying the American standard to be driven from the sea lanes of commerce. It is our interest and our duty to keep them afloat. I think it would be false economy and reckless policy to allow our merchant marine to deteriorate. It must be kept modern, adequate, and dependable.



# Public Attitude on Tax Bill Bespeaks Concern About Deficit Financing and Opposition To Increase in Public Debt

## EXTENSION OF REMARKS

OF

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. FISHER. Mr. Speaker, the public response to the action of the House in refusing last week to increase the public debt by several billion dollars is most encouraging. It bespeaks a wholesome and informed interest in the Nation's solvency and its financial stability.

With but few exceptions the American press has praised the House for passing the tax-revision bill and for refusing to raise personal exemptions by \$100, thereby reducing the income of the Government by \$2.4 billion per year.

And since we are faced with a budget deficit of \$3.3 billion in the current fiscal year ending June 30, and we are told there will be a budget deficit for the fiscal year ending June 30, 1955, of about \$2.9 billion, taking into account anticipated loss of revenue of some \$6 billion per year because of tax changes already agreed to, it follows that to have yielded to the election-year appeal for the cut in exemptions would force the Government to borrow at least \$5 billion more money to make up for the loss in revenue. That would mean at least \$5 billion added to the public debt.

The American people are genuinely concerned about such an unwarranted increase in the public debt at this time, with the resulting inflation, more interest, and fiscal instability. "Never underestimate the intelligence of the American people," reminded the New York Times in an editorial on this subject, "and never underestimate their knowledge of the facts in a given situation."

In a similar vein, the Memphis Commercial Appeal of March 20, 1954, in an editorial entitled "Good Sense Wins," commented:

Members of the House of Representatives have approved, by a narrow margin, a sensible pace in tax reduction.

The pull toward faster reductions during this election year is tremendous. Hope that a majority of voters will see inflation and higher real cost in failure to pay the cost of Government is, in a way, a vote of confidence in maturity of the public thinking.

### GRASS ROOTS UNDERSTANDING

Mr. Speaker, it is most significant that this understanding of the implications of an unbalanced fiscal policy is widespread. It is significant because it is evidence of the anxiety of the people over the magnitude of our public debt and the dangers in deficit financing.

Following my vote last week against increasing the public debt by at least \$5 billion, I received many letters, practically all of them praising me for my stand. And they come from hard-pressed taxpayers. I desire to quote from just a few of them, and I do so only for the purpose of illustrating grass-

roots reaction to this important subject.

A businessman in the small town of Santa Anna, Tex., wrote:

May I take this opportunity to commend you on your recent vote on the tax question. \* \* \*

At a party last night every man that I heard express himself agreed with this vote, several said they were going to write you regarding same.

From here it just doesn't look reasonable to reduce taxes—and I don't like to pay taxes—when our budget is unbalanced and our national debt is at its highest. I would much prefer to pay my share rather than unload on my children and grandchildren.

Another from a stock farmer near Brady, Tex.:

It is a rare occasion that I will take the time to write to any of our lawmakers. However, I was so very glad to see, in the instance of the tax issue, raising of the \$600 deduction allowed in income-tax returns, that you and other Texas Democrats are individual thinkers and do not merely vote as the party bosses prescribe or as we say "follow like a bunch of sheep," not thinking for themselves as to where they are going and why.

A salaried businessman in San Angelo, Tex. writes:

I am proud of your vote on the tax issue. I don't guess there is anyone who dislikes paying high taxes more than I, but I am in favor of cutting expenses and start reducing our debt a little before we do any tax cutting. It is hardly fair to our children and generations to come to have to pay all our debts.

A housewife in San Angelo writes in a similar vein:

I wish to commend your stand and vote on the tax cut amendment that was defeated in the House yesterday. I feel it showed your interest in the welfare of our Nation and raises you above the level of partisan politicians who consider political expediency first and what's best for all, secondly.

A businessman who lives in Coleman, Tex., writes:

Just read in the paper today of the stand you took on the raising of the income-tax exemption and want to commend you very highly on your stand. Have heard nothing but praise of you on the streets today.

It would be bad enough to reduce taxes if our budget was balanced and make the attempt as it is, I consider almost criminal.

\* \* \* Do we ever expect to make a payment on the unheard-of debt we owe? Do we want to pass it all to future generations instead of at least making token payments on it? What would happen if the business of the country was run on the same basis as so many in our Congress would run the business of our country?

I have received scores of other similar expressions, Mr. Speaker, but these excerpts are typical and almost certainly represent a cross section of public opinion. I have received only three expressions to the contrary.

At the beginning I stated that the American press is almost unanimous in approving the House action. Under leave to extend my remarks I include excerpts from a number of editorials from Texas papers. They follow:

[From the San Angelo Standard-Times of March 21, 1954]

TEXANS HELPED TO SCUTTLE POLITICAL PLAY ON TAXES

The nine Democrats, among them Representative O. C. FISHER, of San Angelo, who

crossed party lines and Thursday voted against the Democratic proposal to cut personal income taxes need not apologize for their actions when they come home.

They are to be commended for their courage in espousing an unpopular cause in an election year.

The Democratic proposal, which would have raised exemptions from \$600 to \$700 a year for every person, was a baldly political move designed to ingratiate the Democrats with the voters in next fall's elections.

It would have reduced the taxes of millions of Americans and would have cost the Treasury \$2,400,000,000 at a time when it is facing deficits. Instead the administration has supported and the House has passed a Republican bill which will cost the Government \$1 billion less than the Democratic bill and which will end to a very small extent the double taxation on corporation earnings.

In following the President's leadership, FISHER and the three other Texas Democrats, MARTIN DIES, J. FRANK WILSON, and BRADY GENTRY, jeopardized their personal popularity with voters weary of burdensome taxation.

The President indicated in his radio talk last week that he considers the matter of reducing personal income taxes one that transcends political considerations and affects the welfare of the whole Nation. The administration believes its tax-cutting bill reduced taxes by as much as Eisenhower's economies in Government will permit. Further tax cuts couldn't be made without damaging the Nation's domestic and military programs, he indicated.

However, the Democrats aren't through yet. Although the administration tax bill squeezed through the House, Senate Democrats, under the leadership of Senator GEORGE, of Georgia, will try to substitute individual tax exemptions of \$800 or \$1,000 a person. This is even worse than the Democratic proposal of \$700 exemption in the House.

Speaking specifically of the \$800 or \$1,000 exemption, President Eisenhower said this would involve losses to the Treasury of \$2.5 billion to \$8 billion.

But the most potent objection outlined by Eisenhower is that a \$1,000 exemption would excuse 1 taxpayer in every 3 from all Federal income taxes.

"I think this is wrong," he continued. "I am for everybody paying his fair share. When the time comes to cut income taxes still more, let's cut them. But I do not believe that the way to do it is to excuse millions of Americans from paying any income tax at all. \* \* \* A real American is proud to carry his share of the burden."

[From the Fort Worth Star-Telegram]

RED-INK TAX REDUCTION IS TURNED BACK

The lower House of Congress has voted against a red-ink reduction in income taxes. Despite the powerful political attractiveness of the scheme to raise personal tax exemptions by \$100 a year, the House turned its back on the unsound idea of a tax reduction that would have to come out of borrowed money.

The strong political temptation involved in such a tax-cutting proposal was manifest in the narrowness of the vote—210 to 204—by which the proposal was defeated. There also was evidence of the strength of President Eisenhower's leadership in the fact that 201 Republicans and 9 Democrats rallied to the support of his effort to keep taxation on a sound basis. No matter how narrow the margin, the House vote was a victory for soundness and responsibility in Government finances.

It is notable that four Texas Members of the House—Congressmen FISHER, of San Angelo; DIES of Lufkin; GENTRY, of Tyler;

and WILSON, of Dallas—cast the key votes and two others, Congressmen LYLE, of Corpus Christi, and Regan, of Midland, were paired against the Treasury-raiding proposal. Their stand against unwise tax cutting is to be commended.

It is impossible not to sympathize thoroughly with any desire for a tax cut, and the proposal for higher exemptions is one which any taxpayer readily can translate into a reduction in his personal tax bill. But the appearance is deceptive when it means creating greater national debt and greater cost of carrying that debt. It could mean that every dollar saved now would cost the taxpayer \$2 later. In short, it would be equivalent to paying a dividend out of principal instead of surplus.

[From the Dallas Morning News of March 20, 1954]

#### NEW TAX BILL NO BUDGET BALANCER

The dramatic feature of the vote in the Lower House of Congress Thursday on the tax bill was the rejection of the personal exemption increase. The important feature was the passage of the bill itself. The almost 5 to 1 vote for the measure is House corroboration of the latter fact.

The bill which now goes to the Senate is unquestionably in the nature of tax relief. It will assist the taxpayers, large and small. It will affect the gross receipts of the Treasury unless the release of purchasing power stimulates enough business to make up the deficit. But had the personal exemption been added to the other provisions, the Treasury would have been forced to face an imbalance of high risk.

Eventually it is to be hoped that our top-heavy income tax system can be brought back to sanity. That will be impossible until a heavy percentage of Federal spending is eliminated. That can best be accomplished by returning Federal Government to Federal matters only, relinquishing much of the activity taken over since 1933 to State control. If that is ever done, as seems improbable now, it might be possible to restore the personal exemption to the level of 1916-33 when it took a majority of our people out of income-tax paying class.

Compared to cost of living the exemption figures of those halcyon days, ranging from \$1,800 to \$2,500 were more realistic than our current \$600 figure. In terms of the present dollar, the \$1,800 would be \$5,500 to that \$600. But the fact remains that so great a change would have to occur in present day Washington to return to the older figures that it may never happen.

The Democratic effort to add an extra \$100 now was, of course, strictly political. Even the defeat of the proposal will not minimize that the attempt will be capitalized as a campaign issue. But the more thoughtful Democrats, including four Texans, who voted with the majority at party risk, merit the highest praise. Good politics was to vote for the exemption. Statesmanship was to vote against it.

[From the San Antonio Express of March 20, 1954]

Much as they would have liked to have seen their Federal incomes taxes lowered—and their take-home pay increased proportionately—the mass of farsighted Americans will agree that the House majority in Washington, voting on the proposed Revenue Act of 1954, did well to follow the President's advice and reject the proposed increase in personal exemption from \$600 to \$700 a year.

As Mr. Eisenhower had shown in his recent broadcast, adopting that proposed measure would have cost the Treasury \$2.5 billion a year. Were the exemption basis raised to \$1,000 a year—as Senator GEORGE

has suggested for an ultimate goal—the Treasury would be out some \$8 billion a year. The President says, quite justifiably, that the Government cannot spare that money.

Already the administration has cut expenditures by some \$14 billion a year, all told, from the last Truman budget. Any further reduction would be at the expense of the national defense program. And to cripple that program would be to invite attack from Communist dictatorship, even now heavily armed. Do the people desire to take the risk?

The alternative would be deficit spending—in which case the national debt limit would have to be raised above \$275 billion. Next, the people would have to see their already staggering interest bill (which is deadweight overhead expense) increased. Worse yet, further Government borrowing would inescapably cheapen the dollar and send prices soaring. Inflation imposes a heavy tax which the Government, instead of collecting, has to pay.

As every sensible person recognizes, it is cheaper to pay income taxes now than to pay inflation taxes later on. Moreover, as President Eisenhower properly emphasizes, to release several million low-income Americans from paying income taxes at all would have a bad moral effect. As he rightly assumes, the patriotic citizen does not want that; rather, he is "proud to carry his share of the burden. He says 'I am a taxpayer' in the same spirit that he says, 'I am an American.'"

The bill now goes to the Senate Finance Committee, where a wrangle over proposed amendments may be expected. Perhaps the measure may emerge with something like the George proposals—to cut taxes by that ultimate \$8 billion a year—tacked on to it. In any case the Senate debate will be long and hot.

Even so, one safely may predict, the Revenue Act of 1954 finally will pass substantially as the President desires it. As in the House, no doubt, it will command enough Democratic votes to assure that outcome.

[From the Houston Post of March 20, 1954]

#### HOUSE MAJORITY DISPLAYS COURAGE IN TAX-BILL VOTE

The 210 Members of the House of Representatives who voted against the Democratic proposal to increase individual income-tax exemptions displayed a high order of political courage, as well as proof that they have the best interests of the Nation at heart.

Every one of them must stand for reelection within a few months. Had they considered only their own political future, it is probable they would have voted for the exemption increase, because tax reductions are more popular than continued high taxes.

But they knew that it would have increased the already towering national debt and opened the door to renewed inflation. The vote was a triumph of statesmanship over political expediency. Assuming that they do not later succumb to pressure and switch, these men will deserve well of their constituents in the November election. The opposition has made known it intends to use their vote as a means of defeating them.

The vote was a triumph also for President Eisenhower, whose reasoned explanation of the necessity for continuing the exemption figure at \$600 undoubtedly was effective in holding the line. A week ago it was believed that the tax-reduction amendment to the general tax bill might carry.

The tax controversy now goes to the Senate, where Senator WALTER GEORGE is sponsoring a proposal to increase individual exemptions to \$800 this year and \$1,000 next year. It would be foolish to attempt to predict what the Senate will do, but the fight is expected to be no less intense than it was in the House.

The exemption-increase debate overshadowed the substantial benefits for all taxpayers which the new tax bill contains. Tax savings amounting to more than \$1.3 billion assure some relief to virtually everyone. The bill, in addition, corrects a number of tax inequities which have galled taxpayers for years.

#### Hearst Highway Plan

#### EXTENSION OF REMARKS OF

#### HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 24, 1954

Mr. YORTY. Mr. Speaker, I intend to introduce a bill, which represents an effort to draft definite legislation containing the essential features of the Hearst highway plan.

Certainly it is high time to take bold effective action to get America out of the traffic jam. Administration proposals have been rightly labeled "too little and too late" by the Hearst newspapers, which, I feel, are performing a most valuable public service both in dramatically pointing out our serious highway deficiencies and following through by suggesting a plan to alleviate them.

The bill is a first draft, and is no doubt far from perfect, but it does provide a basis for study and hearings. It is my thought that it should also be introduced in the Senate, perhaps perfected there, and then substituted for the House bill (H. R. 8127) pending in the Senate.

I recognize the validity of the arguments of those who oppose a linkage between highway appropriations and gasoline or automobile excise taxes. I do, however, feel all can agree that so long as such taxes are collected they should not be diverted to general governmental purposes while our highways fall apart. These taxes are of course not a proper measure of the Federal interest in an adequate highway system. National defense, and in this connection, the possible need for fast mass evacuations of large cities, makes Federal attention to our highways urgently mandatory, and this will certainly remain true irrespective of any particular taxes. It should, of course, be emphasized that receipts from such taxes are the minimum that should be appropriated for highways, not the maximum. This too is my understanding of the Hearst proposal.

To be a little more specific, the bill would set aside, in a special fund in the Treasury, all the proceeds of the taxes imposed and collected on gasoline, diesel oil, lubricating oil, tires and tubes, automobiles, and accessories through 1959, and would require that the amounts so set aside be used only for highway construction and maintenance. Appropriations would be made directly from the special fund.

Section 2 of the bill authorizes appropriations from the fund to carry out the Federal-Aid Road Act and related laws during a period of 5 fiscal years beginning with the fiscal year 1956. The amount to be appropriated for this pur-



pose in any fiscal year, when added to amounts made available from other sources, would be equal at least to the total amount collected during the preceding calendar year as receipts from the taxes on gasoline, diesel oil, and lubricating oil. The apportionment of amounts so appropriated would be on substantially the same basis—both as to types of expenditures and as to the applicable matching formula—as the apportionment of the corresponding amounts appropriated under the Federal-Aid Highway Act of 1952 and under H. R. 8127.

Section 3 of the bill authorizes an additional appropriation for the national system of interstate highways. The amount to be appropriated for this purpose in any fiscal year, when added to amounts made available from other sources, would be equal at least to the total amount collected during the preceding calendar year as receipts from the taxes on automobiles, tires and tubes, and accessories. The apportionment of amounts so appropriated would be made without any requirement of matching of funds by States, but otherwise would be on substantially the same basis as the

apportionment of amounts appropriated for the national system of interstate highways pursuant to H. R. 8127.

The bill would establish a floor for highway appropriations by setting aside the proceeds of certain taxes, most of which are related to highway use; it is definitely not intended to exclude or diminish the need for the appropriation of additional money to supplement the amounts so set aside. It is intended that during the operative period of the bill, the taxes involved shall not be diverted to other than highway uses.

## SENATE

THURSDAY, MARCH 25, 1954

(Legislative day of Monday, March 1, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Dr. Norman Salit, president, Synagogue Council of America, offered the following prayer:

Our God and God of our fathers: We bow our heads and turn our hearts unto Thee, giving profound thanks for the establishment and vitality of constitutional government in our blessed land. It has been the guardian of our Nation, one of the great sources of our vigor and achievements. May it continue to go from strength to strength.

Our country is one of mankind's mightiest advocates of human freedom. Grant that it persevere in this course, in ever-increasing measure. May our unalienable rights, among which are life, liberty, and the pursuit of happiness, forever flourish. For them our fathers pledged their lives, their fortunes, and their sacred honor. Vouchsafe unto all mankind that we be no less courageous in the preservation of this noble heritage against whatever assaults may be made upon it, from without or within our borders, so that justice may be established, domestic tranquillity be insured, the general welfare be promoted, and the blessings of liberty be secured to ourselves and our posterity.

Bless the Members of the Senate of the United States of America. Make them ever conscious of Thee, of the overwhelming need in these troubled times for Thy presence in their hearts and the hearts of all our inhabitants—so that through the resoluteness and dedication of this distinguished body, men the world over will look to our beloved country as the exemplar of liberty, the champion of men's rights, the unending foe of enslavement of the spirit, in whatever form it may appear, and the protagonist of Thy dominion in the affairs of men. Amen.

### DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., March 25, 1954.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. DWIGHT GRISWOLD, a Senator

from the State of Nebraska, to perform the duties of the Chair during my absence.

STYLES BRIDGES,  
President pro tempore.

Mr. GRISWOLD thereupon took the chair as Acting President pro tempore.

### THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, March 24, 1954, was dispensed with.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed a bill (H. R. 8152) to extend to June 30, 1955, the direct home and farm-house loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes, in which it requested the concurrence of the Senate.

### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 5632) to provide for the conveyance of a portion of the Camp Butner Military Reservation, N. C., to the State of North Carolina, and it was signed by the Acting President pro tempore.

### LEAVE OF ABSENCE

On request of Mr. JOHNSON of Texas, and by unanimous consent, Mr. GEORGE was excused from attendance on the sessions of the Senate because of illness.

### ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, if Senators are willing, I propose that we now have a brief executive session, in view of the fact that the Executive Calendar is rather short. In that way we shall be able to dispose of the Executive Calendar before the regular morning business.

So, Mr. President, I now move that the Senate proceed to the consideration of executive business, to act on nominations beginning with the new reports on the Executive Calendar.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the clerk will proceed to state the nominations on the calendar, beginning with the new reports.

### COAST AND GEODETIC SURVEY

The legislative clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the nominations in the Coast and Geodetic Survey be confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the postmaster nominations be confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the postmaster nominations are confirmed en bloc.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of the nominations which have been confirmed.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.